EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

No.30,950

Austria Bahrain & Seigium Cyprue Dennrit & Egypt Finland I France Geresce Hong Kong Iceland india

Tuesday September 19 1989

ASIA

Airport bottlenecks limit traffic growth

BNL Rome

officials

may have

known of

Iraq credits

and David Goodhart

in Bonn

operations.

By Alan Friedman in Rome

THERE are mounting

indications that one or more Rome-based executives knew

about or were involved in arr-anging \$1.85bo of unauthorised Iragi export credits that were

disbursed by the Atlanta, Geor-

gia branch of Banca Nazionale del Lavoro (BNL).

It had previously been thought that the unauthorised

dealings had been confined to the leading Italian bank's US

operations. These latest disclosures come amid increasing specula-tion in Rome that, aside from possible Iraqi agents involved in the BNL affair, some US Government officials may have been aware of the lending of

stable of the lending of \$1.85bn from Atlanta and turned a blind eye. The possibility of some US awareness is being investi-gated by Italian magistrates who are looking into BNI.

who are looking into BNL's

Middle Eastern lending. Italian investigators have said that it is difficult to imag-

ine such large financial trans-actions as those involved in

BNL's Atlanta lending being

processed in the US without some awareness by the US gov-

ernment or agency. Both US and Italian investi-gators are close to Identifying at least one middle-level BNL

executive in Rome whom they believe was aware of the improper issue of letters of

credit to US and European

exporters. Professor Antonio Longo, a

member of the BNL board of

directors and the chairman of INA, the state insurance group

thet is poised to inject fresh capital into BNL, said yester-day that a portion of the Atlan-ta-generated loans which went

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World News

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Mandeia could be free System faces within weeks, troubles with says minister

Nelson Mandela, the imprisoned leader of the African National Congress, could be released within weeks, a senior South African minister

senior South Arrican minister said. Gerrit Viljoen, who was appointed Minister of Constitu-tional Development at the weekend, told the BBC that the release of Mandela and other prisoners convicted of security offences "is a matter very high on the agenda of the very high on the agenda of the Government" and said it could be within weeks. Page 20

Rabin backs Cairo Yitzhak Rabin, the Israeli Defence Minister, gave his clear backing to Egyptian efforts to convene Israeli-Palestinian peace talks after confer-ring in Cairo with President Mubarak. Page 4

India to withdraw India agreed to withdraw its remaining 42,000 troops from . Sri Lanka by December 31, ending an unsuccessful twoyear attempt to halt the ethnic strife which has torn the island apart. Page 20

Brussels warning

The European Commission threatened to propose a more swingeing type of centralised EC legislation, unless member tates improved their record of writing 1992 directives into national law. Page 2

US embasey hit

A rocket was fired at the heavily guarded American embassy in the Colombian capital Bogota in the first attack on a US target since the war on drugs began a month ago with Washington's support.

Minister warns Bonn Gerhard Stoltenberg, the West German Defence Minister, warned against "lack of risk consciousness" in the West's dealings with the Soviet Union,

First Bank loan portfolio

Business Summary

Pirst Bank System, a leading US regional banking group trying to recover from a \$500m loss on Treasury bonds last year, said it was facing prob-lems with some loans financing highly leveraged company buyouts. The news came amid concern

The news came amid concern in the banking community about the durability of heavily indebted companies. First Bank will probably have to classify as non-performing some \$55m of loans in its \$738m leveraged buyout portfo-lio. Page 21 doing.

COCOA: the market pegged prices sharply down following-news that talks to revive an International Cocoa Organisa-Cocoa - 'mine at'

December futures (£ per tonne)

950.

900

850

800

700

Page 36

May 1989

tion agreement had ended in

and Options Exchange the December contract fell £39 to

failure. On the London Futures

60 investigators from Coopers and Lybrand, the accountants, had mounted an inquiry cover-ing three Continents. Ferranti Sep

set up to pass money through to ISC and a chain of subcontractors to give the impression that ISC was a much more sub-

£780 a tonne. Commodities, AMSTERDAM-Rotterdam Bank of the Netherlands and Belgium's Générale de Banque scaled back their ambitious

plan to create a fully inte-grated, international banking group to meet the challenge of Europe's single market. Pages 13 and 22 DAIWA Bank, Japanese bank, said if will be acquiring the US commercial banking

operations of Lloyds Bank for \$200m. With related Lloyds stury, Page 24 ALAN Bond, Australian busigrown to a business with sales ce u of almost \$600m a year, boasted sale of his Australian operat-ing oil interests for A\$220m (\$170m) to Aviva Petroleum, US intelligence community. small UK-based oil and gas investment company. MACMILLAN, US publishing group controlled by Robert Maxwell, agreed to buy educa-tional booksgroup Merrill Pub-lishing for \$260m. Page 21

Write-downs on non-existent contracts and stock could top £150m Ferranti chief points to fraud in wake of merger

Sir Derek Alun-Jones: fraud

the company abruptly four

watning

By Terry Dodsworth and Hugo Dixon in London

SIR Derak Alun-Jones, chairman of Ferranti International Signal, told the com-pany's 25,000 workers yesterday that the company may have been the victim of serious fraud

NOISINIC ATA THE

Irand. In the company's first direct reference to the possibility of fraud, he said it appeared "cer-tain" that both the company and its advisers had been mis-led, and added that everything possible was being done to establish the extent of wrong-doing. Sir Derek's statement follows

mounting speculation over the scale of the fraud that Ferranti may have suffered following its merger in 1987 with the US-based International and Signal

and Control.

The company believes it may be faced with write-downs of stantial business than it actually was. The Coopers and Lybrand team are understood up to £150m (\$235.5m) on nonexisting contracts and stock' which ISC had claimed to have to have made good progress in tracking down the identity of front companies through which the funds were chan-nelled. at the time of the merger. Elsewhere yesterday, it emerged that a team of about They have not as yet, how-ever, established contact with Mr James Guerin, ISC's founder and former deputy chairman of Ferranti, who left

executives and its lawyers. Herbert Smith, were also con-ducting parallel investigations. The investigators believe that phantom customers were

months ago. The Serious Fraud Office in



By Lionel Barber in Washington

director of the Central Intelli-WHEN Ferranti sought, two years ago, to boost signifi-cantly its share of US defence contracts, it seemed that Mr gence Agency between 1981 and 1982.

Jim Guerin provided a shortcut to success. Mr Guerin, 59, was the founder, president and execu-tive chairman of International Signal and Control, based in Lancaster, Pennsylvania, The company, which by 1967 had bosiness in Austin, Texas, agreed to serve on the "proxy board" of ISC. Such a board is "a device used to" protect national security when US companies involved in classi-

DAIWA BANK of Japan is to buy the US commercial bank-

ing business of Britain's Lloyds Bank in a deal which marks a

further retreat by UK banks

from the US and extends the

advance of Japanese banks

company. What is clear is that this unusual corporate arrangement fostered a climate of secrecy inside and outside According, to published reports in the US, Mr. Imman, who now beads a computer the company. By several accounts, this

affairs.

tracts.

was precisely what Mr Guerin wanted. "He ran his company like a mini CIA," says Mr Tom Flanery, a reporter with the Lancaster New Era, a local newspaper, who has been cov-ering the ISC story and Mr

rescue from bankruptcy for German retailer By Helg Simonian in Frankfurt

CO OP, the troubled West German retailer, has inched back from the brink of bankback from the brink of Dank-ruptcy following a last-minute agreement among its creditor banks in the early bours of Monday morning to accept a debt-forgiveness package. As a result, the company has withdrawn its receivership application filed with a Frank-fort court last week after the

Last ditch

furt court last week after the failure of an earlier attempt to plug a DM2.6bn (\$1.32m) gap in its finances.

in its finances. However, not all Co op's 124 unsecured creditor banks have as yet agreed the plan to write off 75 per cent of their unse-cured loans in return for a cash payment of the remainder at the end of this month. According to Mr Heige Jan

Schmodde, an official of Deutsche Genossenschaftsbank (DG Bank), one of Co op's six "pool" banks, which put togethar the package, atten-tion will now focus on persuading those creditor banks which have not yet responded to come round.

Last Wednesday, Co op said nine banks had rejected the proposal, while number of Japanese financial institutions, which hold unsecured credits worth DM430m, had been unable to respond in time.

mable to respond in time. The package will only become effective if there is 100 per cent approval, Mr Schmodde says. But the new situation at least gives Co op a breathing space during which in can continue business nor-mally following the cricis of mally following the crisis of the past week, when a Court-appointed Receiver was brought in and suppliers only continued delivering goods against immediate payment, However, it is already clear that Co op's future in its pres-ent form is looking increasingly short-term. Once cleaned

to Baghdad were transferred back to BNL in Italy as collateral for payments to companies that were exporting to Iraq. Mr Longo's disclosure, which up financially, the restructur-ing package allows DG Bank to float or place the recapitalhe said he suspected was part of a larger "mosaic" in the BNL affair, follows at least three other more circumstan-

ised group's equity. Although talk of takeovers is said to be premature accordtial indications that someone ing to its bankers, there have

tinued about a possible rescue package, but it is not thought likely that any details will be agreed until the first report from Coopers and Lybrand from Coopers and Lybrand appears in two weeks. The Ministry of Defence, the Department of Trade and Industry and the Bank of England are keeping a close watch on the situation because of Ferranti's position as one of the UK's main defence groups. Mr Tom King, the British Defence Secretary, said he was "very concerned" about the situation. State of the likelihood that Ferranti will ask for a

There seems little likelihood that Ferranti will ask for a uation. The DTI might take its resumption of trading in its watching brief still further if it decides there is sufficient shares, which were suspended a week ago, over the next few

grounds to warrant an investidays. gation into the company's The company is also facing increasing coocern over its ability to win the contract for Pakistan has been identified as the location of one of the three suspect contracts where the radar to equip the planned European Fighter Aircraft, Ferwas supposed to be ranti is the leader of a four-nation consortium for the deal worth more than £1bn, which is due to be discussed in West Germany on Thursday by Mr Tom King, the Defence Secre-tary. Recently, the UK appears to have softened its stance against Bonn's dogged defence of a West German-led alterna-

involved a large-scale missile project. Ferranti executives said that Iraq, Libya and the United Arab Emirates were not connected with the other con-Ferranti's and ISC's advisers sought to disassociate themselves from failing to spot wrong-doing at the time of the wrong-doing at the time of the merger. Mr Lawrence Banks, Lex, Page 20; Background, deputy chairman of Robert Page 28

team to pass on the results of Fleming, ISC's merchant bank, the investigation to them. The said: "We can only say that we office is not at present conduct-ing its own investigation. Meanwhile, discussions condid not initiate the merger discussions between Ferranti and ISC. But we would not have

with Moscow. Page 2.

Death commuted Death sentences on 12 Sri Lan kans and four Maldivians who took part in a failed coup attempt in the Maldives last year have been commuted to life imprisonment.

Turkish strike onds Some 24,000 workers returned to two of Turkey's largest steel mills, ending a 137-day strike.

Vienna snubs Israel

Austria is downgrading diplo-matic relations with Israel because the Jewish state refuses to send an ambassador to Vienna while Kurt Waldheim is president.

Syrian arms supplies The Soviet Union is consider-

ing cutting military aid to Syria, but says it has no intention of weakening its close relationship, the Soviet ambassador in Damascus said.

Yeltsin criticised

Pravda, the Soviet Communist Party daily, published a denun-ciation of Boris Yeltsin's con-duct during his recent US tour, saying "for Yeltsin America is a festival, a scene, a bar 5.000km long."

Hurricane kills nine

Hurricane Hugo ripped through Puerto Rico with. winds of more than 100 mph-after slicing a path of destruc-tion across a chain of Carib-bean islands, killing mine and making thousands homeless.

MARKETS

1.2.4 STOCK INDICES DOLLAR STERILING. New York closing \$1,5705 New York closing DM1.9515 FT-SE 100: 2,373.8 (+7.3) and one FEr6 5825 FT Ordinary: SFr1.6840 \$1.57 (1.5385) 1.958.9 (+9.2) Y145.73 London: DM1.953 (2.00) DM3.065 (3.0775) FFr10.3475 (10.3775) FT_A AS Shares 1,203.10 (+0.2%) SFr2.645 (2.655) FFr6.59 (6.745) SFr1.685 (1.725) FT-A long gilt yield Y229 (228,75) £ index 91.3 (91.1) Index high coupon: Y145.8 (148.7) GOLD 9.53 (9.56) S index 71.9 (73.1) Tokyo close: Y148.43 New York: Comex Dec New York closing \$365.7 (368.9) DJ Ind. Av. US LUNCHTIME 2,687.50 (+12.92) \$(35612) RATES Fed Funds 812% Tokyo: Nikkei N SEA OIL (Argue). ary Bille: 34,472.54 (+70.68) 2-mo Trea Brent 15-day \$18.025 (+0.2) (Oct) yield; 7.86% Long Bond: LONDON MONEY 100¹2 yield: 8.079% 3-month interbank Chief price changes yesterday: Page 21 ciosing 1333% (1333) SELLING PRICE IN IRELAND 600, IN MALTA 400

> 21 *

SONY, Japanese electronic group, is to begin making magnetic tape in France in 1991 with an investment of FFr500m (\$74.12m), in a move to boost its products' European content. Page 8

SOUTH Korea is to spend Won 3,500hn (\$5.1bn) on a new high-speed rail system between Sooul and the main port of Pusan, Page 8

GATT: the secretariat of the General Agreement on Tariffs and Trade warned that more liberalisation of banking and other financial services might mean stronger regulatory systems. Page 8

sors. Page 16

3

there. The sale is worth about \$200m and will be completed SELIU, Japanese group, agreed the conditional purchase of early next year. Lloyds is selling a loan port-folio consisting of \$1.5bn of loans to small and medium 40 per cent of Hong Kong's Wing On department Store for HK\$356m (\$45m). Page 25 sized US companies, plus a fur-ther \$1.5bn in off balance sheet PACIFIC Dunlop, Australian

congiomerate, reported a 42 per increase in after tax profits commitments such as letters of credit and guarantees. to A\$263.3m (\$205m) for the ... year to June. Page 26 The business, which consists of 15 offices located in various parts of the US employing 170 GLAXO, UK pharmaceuticals . staff, earned \$11m after tax in group expected to announce pretax profits of about £1bn The acquisition will enable (\$1.54bn) today will reveal

Daiwa, the tenth-largest Japa-nese commercial bank, almost more about possible merger plans. Page 21 to double the size of its Ameri-**OPTICAL electronics:** the next can asset portfolio and transgeneration of submarines may form its existing network of be fitted without their peri-scope but opto-electronic sen-

CONTENTS

to end the w	of peace that fai
	The handshake June between Ja Savimbi (left), le of the rebel Unit movement, and Angola's Presida Eduardo dos Sat should have end country'a 14-yea war. But it has p a false dawn. Page 4
Europa Companies America Companies Oversea World Trade Britain Companies	Arts-Reviews World Guide World Guide Commodities Grossword Grossword Baltorial Comment Baltorial Comment

by foreign companies. Only the a close and profitable relationproxy board's members are ship with the Pentagon and the allowed access to classified information.

Daiwa to pay \$200m for US

planning division, said it was vital for the bank to enter the

US market, the largest in the world: "We have to invest

more staff and more money in

Mr Brian Pitman, Lloyds

chief executive, said the sale

was consistent with the bank's

policy of concentrating

resources on mainstream activ-

itles which can make a signifi-

cant contribution to its total

linkage with our other activi-

Lloyds would maintain its mul-

tinational corporate, treasury and private banking businesses

in the US as part of its world-

The US business "has little

However, he stressed that

banking division of Lloyds

fied defence work are acquired

Although it remains unclear in 1987, a proxy board was, however, already in place. ISC - though US-founded - objust bow extensive and profitable these links were, it is undeniable that Mr Guerin per-suaded several reputable fig-ures to become business associtained a UK Stock Exchange listing in 1982 and its US operations were therefore techates, notably Mr Bobhy Ray Inman, the former deputy nically owned hy a foreign

By David Lascelles' in London and Stefan Wagstyl in Tokyo

the US."

ties," he said.

eral other companies for more than two years. Mr Guerin is married with five children. He has several degrees in electrical engineer-

When Ferranti acquired ISC ean war.

ing from the University of Ari-zona and Rutgers, and served in the US Navy during the Kor-His activities are now under

recent decision to make large provisions against Third World debts, will rise by 0.6 percent-

age points to 9.3 per cent, com-pared with the internationally

agreed minimum of 8 per cent.

highlights the determination of Japanese banks to penetrate

the US corporate market.

turers Hanover.

By contrast, the acquisition

Last week Dai-Ichi Kangyo

Bank, Japan's largest, con-firmed that it was negotiating to buy, for about \$1.5bn, a stake in CIT Group, a leasing company owned by Manufac-

Several other Japanese

banks have also bought leasing companies in the last two

years, including Fuji Bank, Sanwa Bank and Tokai Bank.

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Technology

Unit Trusts

World Index

investigation by the US Attorney's office in Philadelphia. **Guerin: ISC founder**

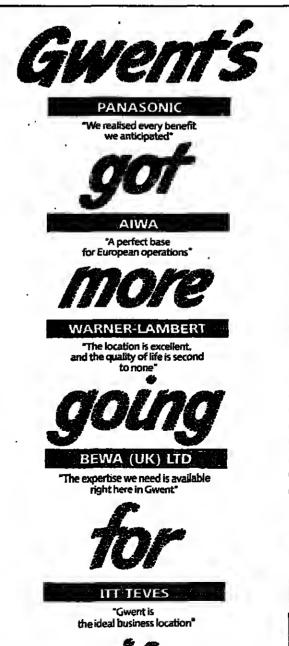
albeit vague, consultations between Mr Hans Friderichs, Co op's snpervisory board chairman, and the Berlin-based Federal Cartel Office. Any takeover of Co op by another big domestic retailer would be almost certain to come np against monopoly barriers or involve the sale of

unattractive.

at BNL's Rome headquarters was in touch with Mr Chris Drogoul, the dismissed BNL Atlanta branch manager who disbursed the Iraqi funds and who is now under investigation by US and Italian judicial authorities. These indications are:

• The disclosure two weeks ago that an application to BNL branches in Udine and Rome **Continued on Page 20**

so many units as to prove



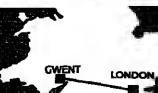
Gwent has all the right ingredients for running a successful business. A strategic location on the M4 corridor with excellent communications throughout the UK and Europe. A highly skilled workforce, low overheads and financial assistance.

Set amidst some of Europe's most beautiful countryside Gwent offers more than just unrivalled business opportunities. You'll find a quality of life that's hard to beat, with an ample supply of affordable housing and excellent educational, sport and leisure facilities.

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wide strategy. Lloyds, like two of the other Daiwa, which has one of the four main UK clearing banks, has also sold its US retail banklargest overseas networks of the smaller Japanese national banks, last year paid \$60m for nine branches in Hong Kong belonging to Rainier National ing busin The latest sale will free abont £80m of capital which will help boost Lloyds' capital Bank of the US. Lex, Page 20; London Stock Exchange, Page 41 ratios. The risk asset ratio, which was hit hy Lloyds' Mr Yuji Suzuka, a senior manager in the international Bonn: Defence minister lears complacency in iled dealings with Moscow . Amman: Jordanians adjust to the novelty of 185 open political debate onas Editorial comment: Greens caught in the midader ta

Lex Mana Mone

18 44 44

dle; Wage discord in Australia Collapse of a bank merger: An angagemant ant has been broken ... ntos led the Lex: Lloyds; dollar; Dalgety; Inchcape .. ır civil Demographic time-bomb: Anticipating an roved acute staff shortage in the 1990s Mobile communications: Survey ... 37-40 Raw Materiak 38 Stock Markets -Wall Street -----17 36 49-61 45-47 Letters ... 19

EUROPEAN NEWS

BONN DEFENCE MINISTER FEARS COMPLACENCY IN DEALINGS WITH MOSCOW Stoltenberg warns of 'gullibility'

By David Marsh in Bonn

MR Gerhard Stoltenberg, the West German Defence Minister, warned yesterday against "gullibility" and "lack of risk consciousness" in the Claiming yesterday that the West's dealings with the Soviet Union in a speech clearly aimed at warding off complacency in Bonn over relations with Moscow. In a speech in Blelefeld, Mr Stoltenberg coupled a call for

western economic help for reform-minded governments in eastern Europe with a plea for readiness to face np to possible "negative consequences" for European security in coming

Mr Stoltenberg, the former Bonn Finance Minister, has tried to bring an extra infusion

Swiss trade

By John Wicks in Zurich

THE Swiss foreign-trade deficit

reached a monthly record in Angust, reaching a level of SFr1.44hn (£544m). This was more than double the deficit

for July. The previous peak, of

SFr1.21hn, was registered in

August last year. Although nominal exports

were up 10.9 per cent for the year to SF15.630n, imports rose faster - at a rate of 12.4 per

cent - to SFr7.07bn. Growth in

both instances was due largely to higher prices.

the trade gap for the year as a whole will exceed the previous

high of SFr11.25bn experienced

in 1980. For the first eight months of this year, the visi-hles deficit was already up by

as much as 38 per cent over the

corresponding period of 1988 to

This development reflects

the weakening of the Swiss

franc in trade-weighted terms. In recent years, import prices had been kept low hy the strength of the national cur-rency. The same exchange-rate

situation is partly responsible for Switzerland's rising infla-

tion rate, now at an annual 3

Despite the widening trade

gap, Switzerland will continue to show a substantial surplus

on current account.

some SFTSbn.

per cent.

It now seems possible that

deficit at

record

political response to the East." Mr Stoltenberg said that changes in eastern Europe, in

particular the "crises" in the Claiming yesterday that the Federal Republic's closing of ranks with the West over the Soviet Union and Poland, were not a result of convergence between the capitalist and past 40 years had helped make communist systems. Instead, they stemmed from "the failure of communist ideology perestroika (restructuring) and glasnost (openness) possible, Mr Stoltenberg issued a strong call against confusing "hopes and dominance. Pointing ont that the introduction of perestroika had

with realities" in policies towards the East. not prevented the distribution towards the East. Referring to wrangling in West Germany over the military consensus within Nato, Mr Stoltenberg said: "A of goods in the Soviet Union from getting even worse recently, Mr Stoltenberg said the move towards reform in eastern Europe was the consequence above all of "dramatic economic crisis." secure defence capacity determines the framework of our arms control policy and remains the basis of our This was also the main

EC warning on 1992 directives

factor behind the efforts of Mi Mikhail Gorbachev, the Soviet leader, to cut hack defence spending through arms control accords.

5 1 [.] .. .

Nine the less, Mr Stoltenberg cautioned against the view that Europe was entering a "post-communist era". The Soviet leadership was still emphaaising "ideological continuity" with the past.

Implicitly referring to the delicacy of recant events in East Germany, Mr Stoltenberg also stressed that "periods of setbacks, or external and internal toughening" could not be excluded as part of the general risks of eastern reform.

A Commission report, pres-

ented to ministers yesterday, criticises Italy and Greece espe-

cially for failing to implement legislation and for ignoring

Court of Justice attempts to

spur them into action. Britain, along with France, Denmark and the Netherlands,

have the best record on imple-

mentation, according to the

minister at the UK Department of Trade and Industry, yester-

intention to publish a score

day applauded the Comm

card on national implem tion every eix months.

Mr John Redwood, junior

impatience.

report.

Wage rises fuel Poland's economic crisis

By Christopher Bobinski in Warsaw

A ROUND of wage increases falling due to teachers, doctors and nther occupations financed directly from the budget threatens to bankrupt the Polish Government unless it immediately finds new sources of funds.

The financial crisis which has hit the new Solidarity-led nas nut the new Solmarity-Ru administration is the legacy of almost three months of admin-istration by the previous Gov-ernment which was in no state to resist wage demands fuelled by a sharp 50 per cent rise in inflation during August. Tax payments by companies

have been falling off, further policy. depleting Treasury funds and the Government has already said it will be tightening tax screws on state sector and private company profits. It may even go as far as imposing retroactive taxes as it can no lon-ger go to the central bank for further funds.

The search for funds this weak came as the Phish authorities started talks with a mission from the International Monetary Fund, headed by Mr Massimo Russo who wants to examine Poland's plan for tightening economic

This week too Poland will be signing a formal economic agreement with the EEC which pledges Brussels to remove the majority of quota restrictions on Poland's exports over the next five years.

> Another element of the Polish government's bid to stem ish government's old to stem the country's slide into hyper inflation is planned to change the formulas governing the antomatic linking of wage rises to price increases forced through by Solidarity, when it was in appreciation, in July was in opposition, in July.

all of the five big volume mar-kets - West Germany, Italy.

the UK, France and Spain. New car sales were lower in only four markets, Sweden, Den-

mark, Norway and Portugal. The sharpest rise in demand has come from the tiny Irish

market, where Japanese makes control around 40 per cent of

Then the movement demanded automatic increased the : movement linked to the rise in prices regardless of whether workers had won wage increases inde-pendently of the indexation mechanism. Now the government intends to automatically increase wages only in those cases where incomes have failed to match price rises. In August even though

a l

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In August even though prices rose by 50 per cent and overall income rose by 36 per cent wages earned by indus-trial workers almost houbled. Communists warned of new role, Page 3

VW regains lead in European sales

By Kevin Done, Motor Industry Correspondent

THE Volkswagen group of West Germany has ousted Flat of Italy from the leadership of the West European new car market after tha first eight months of the year, according to preliminary industry esti-VW, which includes Andi

and Seat, is set to maintain its supremacy in Europe for the fifth year in succession, after narrowly defeating a deter-mined Fiat challenge last year. Fiat led the European new car sales league in the first half of the year, hut its posi-tion has been undermined by a

The strength of demand has continued to defy industry forecasts of an imminent downturn, although the rate o growth in new car sales is Sales for the first eight months at 9.47m were 5 per cent higher than a year ago, according to industry esti-mates, and are set to reach a record level for the fifth suc

European new car sales in August are heavily dominated by the UK, which accounted

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tion number prefix. UK new car sales in August were 4.8 per cent higher than a year earlier and exceeded the half million barrier in a single month for the first time, at 500,112.

In August alone sales were lower than a year earlier in six of 17 markets across West Europe: Italy, Spain and Portu-gal and the Scandinavian markets of Denmark, Sweden and Norway.

control around a per cant of sales, with an increase of 26.9 per cent in the first eight months, while sales have fallen most sharply in Norway - 28 For the first eight months, per cent.

Despite growing fears in the however, sales were higher in

	Volume (Units)	Volume Change (%)	Share (%) Jan-Aug 89	Shere (%) Jan-Apg 88
TOTAL MARKET	9,470,000	+5.0	100.0	100.0
MANUFACTURERS:				
Volkswagen (Incl. Audi and Seat)	1,398,000	+7.1	14.8	14.5
Flet (Incl. Lancia Alfa Romeo)	1,389,000	+4.2	. 14.7	14.8
Peugeot (including Citroen)	1,215,000	+5.9	12.8	12.7
Ford	1.120.000	+7.1	11.8	11.6
General Motors (Opel, Vauxhall)	1,031,000	+8.0	10.9	10.6
Renault	960,000	+6.9	10.1	10.0
Rover	307,000	-6.0	3.2	3.6
Morcedes-Benz	297,000	-4.0	3.1	3.4
Niesan	286,000	+5.2	3.0	3.0
BMW	279,000	+ 14.4		2.7
oyota	238,000	-2.3	2.5	. 2.7
Volvo -	184,000		. 1.9	21
Total Japanese	1,021,000	+0.0	10.8	11.3
MARKETS:				• • •
West Germany	1,944,000	+2.3	20.5	21.1
United Kingdom	1,748,000	+8.8	18.5	18.1
taly	1,636,000	+7.5	. 17.3	16.9
TANCE	1,520,000	+7.2	16.0	15.7
Spain	778,000	. +6.9	8.2	8.1

European car industry about the impact of Japanese car makers in the single European market from the end of 1993, the volume of Japanese car sales was virtually unchanged in the first eight months at 7.021m.

The Japanese share of the total West European market has fallen to 10.8 per cent from 11.3 per cent a year ago, with a fail in sales volume by Toyota, Honda and Mazda.

The Flat group, which includes Lancia, Alfa Romeo and Ferrari and which had led the European market for the first seven months of the year, has achieved the lowest sales growth of any of the big six volume car maksrs, an estimated increase of only 4.2 per cent

FINANCIAL TIMES

Published by the Financial Times (Europe) Ltd., Frankfurt Branch, repre-sented by E. Hugo, Frankfurt/Main, and, as members of the Board of Durec-tors, F. Barlow, R.A.F. McClean, G.T.S. Damer, A.C. Miller, D.E.P. Palmer, London. Printer: Frankfurt/ Societants-Dirackerei-GmbH, Frankfurt/ Main. Responsible editor: Sir Geoffrey Owen, Financial Times, Number One Southwark Bridge, London SEI 9HL. • The Financial Times Ltd, 1989.

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FINANCIAL TIMES, USPS No 190640, published daily encept Sundays and bolidays. US subscription rates 3365.00 per annum. Second-class post-age and at New York NY and at addi-tional mailing offices. POSTMASTER, send address change to: FINANCIAL TIMES, 14 East 60th Street, New York, NY 10022.

Financial Times (Scandinavia) Ltd. Ostergade 44, DK-1000 Copenhagen-K. Denmark. Telephone (01) 13 44 41. Fax (01) 935335.

By David Buchan in Brusseis ernments to transpose into THE European Commission yesterday threatened to protheir own laws, with regulapose a more swingeing type of centralised EC legislation, unless member stetes improved their sorry record in writing 1992 directives into national law. tions The latter, once agreed by the twelve member states in Brussels, take automatic effect as overriding EC law the minute they are published in the Community's official journal.

Mr Martin Bangemann, the EC internal market commissioner, said he was "sounding the alarm" because, of 68 sin-gle markst directives which should have been in effect this year, only seven had been written into national law.

He warned that the Commission promised to use directives rather than regulations. But the very wielding of the threat sion might have to consider replacing directives, which set a framework for national govis a measure of Commission

W German carbon dioxide output rises

The threat of Mr Bange-

mann, who said the Commis-sion had always preferred the more decentralised approach,

may be empty. In the Single European Act, setting the 1992 proposals in train, the Commis-

By David Goodhart in Bonn

WEST GERMANY last year released into the atmosphere 798m tonnes of carbon dioxide, one of the main contributors to the "greenhouse effect", compared with 740m tonnes in

Mr Klaus Töpfer, Environment Minister, revealed these figures while presenting the Federal Environment Office's annual report. He said 28.7 per cent came from industry, 24.2 per cent from households and 21.8 per cent from transport.

Although no practical way of filtering carbon dioxide emis-sions has been found, Mr Top-

fer said the total could be reduced by 100m tonnes with better home insulation. The introduction of a 100 kph speed limit on motorways would reduce emissions hy

only 8.1m tonnes a year, hut the minister remained open-minded on this increasingly controversial aspect of environmental politics. He also tentatively proposed a carbon dioxide duty to

encourage energy saving. How-ever snch a proposal is unlikely to become government policy in the near future; the recent party conference of the governing Christian Democratic Union rejected a motion proposing tougher environment duties.

Sulphur emissions which can be filtered have been reduced from 2,900 kilotonnes in 1982 to 2,200 at the end of 1986 (power stations cut emis-sions from 1,800 to 1,350 over the same period). The report says the destruc-tion of forests has only been clowed down hy tighter emis-

slowed down by tighter emis-sion controls and that 52 per cent of West German forest is now damaged.

JDON TO SYDNEY N

weakening of the overall mar-ket in Italy in August and by a surge in Volkswagen and Seat sales in the big European vol-

car sales in August were 2.9

slowing.

cessive year.

ume markets. Overall West European new

per cent higher than a year ago at 1.196m.

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EUROPEAN NEWS

omic crisis Soviet Union suspends purchase of grain abroad

ficient in grain.

THE Soviet Union has suspended grain purchases abroad while it starts paying its farmers in foreign currency . for above-average production, the head of the grain-buying agency Exportibleb, said yes-terday. Reuter reports from Moscov

Rills, Lais

an sales

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At the present time we are At the present time we are not going to buy anything. We will buy from our state and collective farms," Mr Oleg Kli-mov said when asked whether Moscow would buy any more grain abroad this year. The Soviet Union, the

world's largest grain importer, said last month it would start paying grain farmers partly in . foreign currency to slash agri-cultural imports and hoost domestic production.

200m tonnes. Authorities are just starting to implement the plan to pay above average producers in for-eign currency and Mr Klimov said it was difficult to say The prices paid to Soviet farmers will be well below the whether Moscow would go shopping again on world grain markets before the end of 1989. world market price, belping Moscow save money even in The main task is to buy the extremely unlikely event from the state and collective that its own farmers produce farms and it is difficult to say enough to make grain imports when we will finish. It could be nnecessary. But the programme is still four months, I cannot say," Mr

By Christopher Bobinski in Warsaw

expected to be a powerful incentive to farmers, who will ; be able to use the foreign curdone this and therefore we rency to buy everything from agricultural machinery to video recorders for collective farm sitting rooms. Last year's grain harvest was 195m tonnes, but analysts say the Soviet Union needs at.

have no experience. Anyhow it is fairly long-term," he said. Moscow has met all its grain purchase commitments abroad for this year, Mr Klimov said. The US, Canada and Western Europe are the Soviet Union's

least 230m tonnes to be self-sufmain suppliers. But he declined to say how much grain the Soviet Union This year's harvest is 95 per cent in and yields are running had bought in 1989.

well ahead of last year's, but the US Agriculture Department still estimates the crop only at According to the US Agriculture Department, as of August 31 Moscow had bought a record 21.7m tennes of wheat and maize from the US during the year which ends on September

That more than meets the terms of the superpower grain pact, which expires in Decempact, which expires in Decem-ber 1990. But sales to the Soviet Union have been alnggish since late June, puzzling traders.

Mr Klimov denied that Exportibleb had run out of for-eign currency with which to buy grain.

Hungarian

presidency

Deal on

E German churchmen join attack on leaders "It is the first year we have

By Leslle Colitt in Berlin

EAST Germany's conservative leadership, embarrassed by the recent flight to the West of nearly 16,000 citizens, yester-day faced a rising tide of opposition by church officials and laymen.

Bishop Werner Leich, chair man of the East German Prot-estant Church Federation, told a synod in Eisenach yesterday that the present "tutelary" relationship between the state and population must be changed to ons of partnership. He spoke in favour of

far-reaching economic reforms and welcomed the founding of

new opposition groups. One of them, the New Forum, formed last week, said it would attempt to obtain official registration this week in East Berlin and six other East German cities as the first countrywide opposition organisa-

. The authorities have in the past refused to legalise inde-pendent groups, and a senior East German official indicated that the Communist Party would reject the dialogue demanded by the opposition. Bishop Gottfried Forck of the Protestant Church in Berlin-Brandenhurg criticised the undemocratic municipal elec-tions held last May and called for a "transparent" election law in remarks to the synod. The flight of East Germans

sion at the synod. Two churchmen levelled attacks at both East Berlin and Bonn for eracerbating the erodus. They criticised West Germany for refusing to recognise East German citizenship and said speeches by West German politicians about reunification only solidified the borders.

William Dawkins on the explosive issue of reforming France Telecom R PAUL Quilés, France's Minister for Post and Telecommuarchaic and possibly destructive status quo. Senior management at nications, is walking a tight-France Telecom have kept dip-lomatically quiet, but it is well rope. The balancing act he has to perform is between the need to known that they see the report as a possible step towards turnintroduce a measure of reform

ing themselves from a government department - with all the restrictions and political to the country's centralised telecommunications service, and the need to avoid at the uncertainties that this carries same time a clash with its pow-- into a semi-independent erful union structure. state-owned company such as In France, that is a difficult trick. The months that follow Air France or the national rail-

should hring to a climax a sen-Sometime in the next few months, the Government will sitive year-long debate over how France Telecom is to improve its compstitiveness have to make up its mind whose side it is on, certainly in time for the proposals on the future of public telecommunienough to hold its own in the liberalised telecommunications industry that the European cations it has promised by next Community is creating in its March.

It will clearly not be an easy decision. An angry commu-nist-led CGT trade union feder-ation boycotted Mr Quilès' first attempt to consult the unions, attempt to consult the unions, to be renewed on October 3. In the meantime, the minister has promised that there will be no job losses, at least in the post office, and tabled a system of results-linked wage incentives and retraining schemes in an attempt to soften unions' fears. Those are the battle lines.

Those are the battle lines. The process that led to them began in early 1988 when Mr Gerard Longuet, the posts and telecommunications minister in the previous right-wing gov-ernment, gave France Telecom its present name, cbanged from Direction Générale des Telecommunications, as a symbolic first step towards putting

it on a more commercial plane. He also set up a separate office for regulating the ser-vice, but left them both under the control of his ministry, far sbort of the independence regulators st Britain's Oftel maintain in their relations with British Telecom.

However, critics maintain What Mr Quilès is now lim-bering up for is a softened Socialist version of the telethat covert protectionism is still rife in the form of restrictive type approval procedures,

communications reform that import quotas and price conthe right-wing Mr Longuet trols which mean that basic failed to achieve.

in the same organisations.

opposition against EC telecom-munications liberalisatioo.

being the ring-leader amoog

the group of five member states now taking the Euro-

pean Commission to court for

allegedly overstepping its pow-ers in unilaterally imposing

equipment liberalisation on member states. This scheme, already in force, guarantees free competition for terminal

equipment, from telephone handsets to fax machines.

French telecommunicationa officials claim to be ahead of

the pack here, having liberal-

ised equipment sales three years ago. They object to the Commission's high-handed

political style rather than the

aim of the scheme.

Bomb in the post for French unions

equipment such as telephone answering machines can cost two to three times more in At European level, he is being driven by two EC directives designed to weaken the France than in more liberalhold of state monopolies over ised markets such as that of the supply of telecommunicathe US. tions equipment and services. There is nothing in this to At the domestic level, Mr

Quiles could count on the supoblige Paris to split the post port of Mr Rocard for a gentle office and France Telecom. doss of telecommunications Yet the competition the EC rules will unleash will make it reform. He could certainly count on the support of France hard for France to continue to Telecom's top management, live in the European minority, wbo feel they can do without with Denmark and Luxemthe double burden of baving to bourg, who keep their posts nav VAT on their profits while and telecommunications offices the same time having their

hudget as a government department raided regularly Will oblige France for other purposes - such as space research - by the Miniswill oblige France to do is to allow private try of Finance. operators to provide value added services in competition All this seriously restricts France Telecom's ability to invest and plan for new prodwith the state at first, followed ucts, especially when it is unable to raise casb on the by basic data communications vices from 1993. At present, the Paris Government counte-nances limited competition for capital markets in a way that it might be able to do if freed value added services. France has led the European

from the ministry's clutches, the argument goes. The counter argument, posed by the unions and some parts the Government, is that Freoch telecommunications have always done well under central cootrol and would continue to do so. They hold up as a prime example the success of the fast-growing Minitel public

videotext service. However, the ministry's pol icy of providing Minitel terminals free to subscribers has recently been criticised as a waste of taxpayers' money by the Cour des Comptes, France's public financial watchdog. That might provide more ammunition for the liberalisers.

But whatever the pressures it can be guaranteed that this French Government will proceed with extreme caution and gentieness on telecommunications reform.

forces in the country and that its future depended on being able to win the support of the electorate. The abandonment of the support of the first results of the govern-the support of the support of Party plays a leading role in. to end the country, which is also soon In the to be dropped from the consti-Miller

Polish Communists

warned of their new

role in government

tution, came in a keynote speech at a Central Committee meeting yesterday delivered by Mr Leszek Miller, a Politburo Mr Miller also warned the

200 or so members who were elected in 1986 in entirely different circumstances that the, new Solidarity-led coalition government had to have their support, as failure by Mr Tadeusz Mazowiecki, the Premier, would bring "extremists to the fore" and these would then

fore" and these would then The committee responded turn on the Communist Party with muffled applause when itself. Yesterday's meeting was due mer journalist, continued, "Do to call a referendum of the your are to the press pressures party's 2m members on how here? Yest the next party congress was to Eatlier a plainclothes secu-be organised and how far it if ity guard had refused to admit chandle on in changing the remarkers.

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THE Central Committee of inside party headquarters, that Poland's confused and bitter the party needed to be trans-Communist Party, which lost formed but not radically its dominant role in govern- demolished.

ment last month, heard yester. Indeed, Mr. Mieczyslaw day that from now on it was Rakowski, who was elected only one of many political party leader last month, seems

in the meantime, though, Mr Miller said the Communist Party and Solidarity "had to find a modus vivendi".

tains four Communist Party members, including the minis-ters of defence and the interior. Defending his unprecedented decision to admit the press, Mr Rakowski said at the start of proceedings: "We want the party to function in the open. There is no reason to limit the press presence in the initial part of our debates."

The committee responded

in with the HDF. In retur

By Judy Dempsey in Budapest

TALKS hetween the Hungarian Communist Party and the opposition should reach a crucial point this week, with the Hungarian Democratic Forum (HDF), the largest opposition group, expected to swing behind the ruling party over the key issue of how a new president is to be

In return - under the terms of a deal being sketched out between the HDF and the Com-munists — the way could be opened for an HDF nominee to, become the Warsaw Pact's second non-Communist Prime Minister, after Poland's Mr Tadeusz Mazowiecki.

Mr hure Pozsgay, who repre-sents the Communists at the talks and is expected to run as president himself, has insisted that a head of state be elected in a nationwide vote before next year's contested parlia-mentary elections.

For weeks, the opposition, which consists of nine inde-pendent groups, has argued that the president should be chosen by the new Parliament. But it now appenrs that Mr Possgay has proposed a bar-



The rest of the report is vague, a long way short of the degree of telecommunications liberalisation in other Euro-pean countries such as Britan

and more recently West Germany. But in hetween the lines, it is larded with pure lynamite, to judge from the French union outcry that followed. They see it as a sneak priva-tisation plot. And they have

the sympathy of Mr Lionel Jospin, the Government's Educa-tion Minister, who has said he wants the report huried.

Mr Michel Rocard, Prime Minister, and Mr Quilès deny any such plans, but argue there is no need to defend an

1992 single market programme. What has provoked all this is the recent publication of an independent report commissioned by the Government from Mr Hubert Prévot, former head of France's national planning agency. He recommends that the 435,000-strong post and elecommunications services should be split into separate

hodies with some financial and strategic independence, rather than being departments of Mr Quiles' ministry as now.

-reportersshould go in changing the party's statute programme and name

Mr Miller said in his speech, which Western reporters were allowed to listen to for the first time as it was being delivered

for HDF backing for the Communist Party's proposals on the presidential elections -and in effect endorsing his "I can't believe it," a Reuter reporter quoted the guard as saying when jold that it was a politburo decision to let the tern press representatives 1. 1. 1. 1.

and in energy has candidature - Mr Pozsgay has indicated that he could offer the HDF the premiership. The back-room manoeuvring

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has soured the atmosphere of the round-table talks and divided the opposition. If Mr Porsgay manages to win the support of the HDF, the chances of the opposition forming coalitions, or working together during the parliame tary election, will be reduced. tary election, will be realized. Mr. Pozsgay, who has adopted a tough stance at the round-table talks, fears any new Parliament could put up a non-communist president. The bitter infighting follows yet another heavy defeat for the Communists at a by-elec-tion in Zalaegerszeg at the

tion in Zalaegerszeg at the weekend. Mr Gyula Marx, the HDF candidate, won 59 per cent of the vote while Mr Ist-van Gyorffy, for the Commu-nists, won 32 per cent.

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OVERSEAS NEWS

Rabin supports Mubarak efforts on peace talks

the Israeli coalition, insists

that only Israel's own peace initiative, which proposes elec-tions in the occupied territo-ries leading to a form of Pales-tinian self-rule, can form the basis of negotiation. Likud also

rejects any participation in talks of Palestinians from out-

side the territories, especially those associated with the Pal

estine Liberation Organisation

But Mr Rabin and Labour have welcomed President

Mubarak's 10-point response to

the Israeli plan specifying addi-tional conditions, notably that

It was very important that Pal-

ree on.

By Hugh Carnegy in Cairo

4Φ

MR YITZHAK RABIN, Israel's Defence Minister, gave his clear backing to Egyptian efforts to convene Israeli-Pales-tinian peace talks after conferring in Cairo yesterday with President Hosni Mubarak.

Invited by President Mnbarak as the Israeli minister best placed to move the peace process forward, Mr Rabin spent more than two hours with the Egyptian leader at his palace in the Cairo suburbs.

The Labour Party minister's trip provoked speculation in Israel about the future of the uneasy coalition between Labour and the right-wing Likud. Mr Mubarak's peace proposals have heen rejected by Mr Yitzhak Shemir, the Prime Minister and Likud leader, who warned last night of danger to the coefficient

of danger to the coalition. Mr Rahin said be believed there was a broad readiness in Israel to accept the Ecyptian initiative. He accepted that if minarive. He accepted that if the basis for negotiations was agreed, invitations for talks in Cairo would be issued hy Egypt, and that Egypt would announce the names of the Pal-estinian delegation. The problem for Mr Rabin and Dravidort Maharak is the

and President Mnbarak is to overcome what Mr Rabin described with under state-ment as "certain problems" the US shortly where he will meet Mr Shimon Peres, the Israeli Labour leader. arising from the stance of Mr Shamir and Likud.

Likud, the senior partner in

Talks and tanks close in on the Savimbi Trail

Angola's war reaches a crucial point as summit seeks to patch up peace deal, writes Rowlinson Carter sure, as Mr Savimbi has cards

HE HANDSHAKE last June between President José Eduardo dos San-tos of Angola and Jonas Sav-imbi, leader of the country's

have marked the end to a 14year civil war. It proved a false dawn. The ceasefire agreement, signed at President Mobutu Sese Seko's home village of Ghadolite in northern Zaire, never held. The protagonists are back on the battlefield, and the African leaders who met in Kinshasu yesterday will be hard pressed to get them back to the negoti-

to get them back to the negoti-ating table. Which party broke the frag-ile agreement is not clear. But at the heart of the breakdown is a disagreement over e key provision: did Mr Sevimhi agree to go into exile, as Zam-bia'e President Kenneth Kaunda and some other Afri-can leaders claim? Or did he merely accent that while he tional conditions, notably that Israel accept the principle of exchanging land for peace and that the Palestinian negotia-ting team include figures previ-ously deported by Israel. President Mubarak, describ-ing his talks with Mr Rabin as very fruitful, said he believed merely accept that while he would not be part of a two-year transitional coalition govero-ment, he intended to lead Unita in the multi-party elec-tions the rebels demand? The

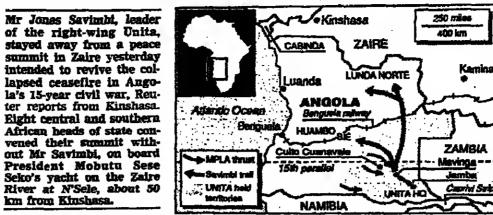
estinions from ontside the occupied territories be included "to avoid any prob-lems in the dialogue". Kinshasa summit has to resolve this. Meanwhile the war resumes, but with a crucial difference. Both sides are in the process of lating their point. Asked wby be invited Mr Rahin - not Mr Shamir - to losing their main allies: some 50,000 Cuban troops are under-Cairo, he said he would seek a meeting with Mr Shamir only when there was something to taking a phased withdrawal from Angola in return for By concentrating the atten-tion on Mr Rabin, the Egyp-tians seemed to be attempting to put pressure on Mr Shamir. President Mubarak is to visit Namibia's independence. Those

Mr Jones Savimbt, leader of the right-wing Unita, stayed away from a peace summit in Zaire yesterday rebel Unita movement, should intended to revive the collapsed ceasefire in Angola's 15-year civil war, Reuter reports from Kinshasa. Eight central and southern African heads of state convened their summit without Mr Savimbi, on board

> km from Kinshasa. troops who have yet to leave for home are remaining north of Angola's 15th Parallel, and show no sign of entering the fray. At the same time, Nami-bia's UN-monitored transition to independence has meant that Pretoria's backing for Unita - including vital air sup-port - from bases in northern Namihia is ending. The military balance is thus delicately polsed. But what may be critical to the outcome

President Mobutu Sese

of the resumed conflict is the battle to control a strategic snpply route known as the "Savimbi Trail", the corridor which links the Unita strong-hold of Jamba in the southeast, with the contested central and northern areas, where the government is vulnerable to military pressure



The main objective for Angola's MPLA government is to cut this trail. Hence recent reports that 3,000 government troops, supported by 25 tanks, have tried to move out of the Cuito Cuanavale area and take the town of Mavinga. Almost bisecting the country

is the Benguela railway, closed to through-traffic since Angolan independence in 1975, but a powerful factor in the MPLA and Units attempts to court the support of Zamble end Zaire. For both these countries, the line represents the shortest and chaspest route to the sea for copper exports, their main foreign exchange carner. Unita have also encroached on the diamond areas in Lunda

Norte Province, Last month, the last of the functioning dia-

But Units has no petrol, so vehicles captured from the MPLA, which are invariably periol-driven, are useless with-out a change of engines. Mr Savinebi claims to have stocks of dieset "for guite some stocks of dieset "for guite some ZAMBIA Caprind Ser time", but these are finite and, with the closure of the southern supply route cannot as yet be replenished. The US, which has taken mond mines, at Cafundo, was forced to close. over from South Africa as Unita's main backer, is willing

needed.

The next Units target is logically Angola's oil industry, responsible for 90 per cent of export earnings. There are indications of increased guer-rills activity in the Cabinda

The past 14 years have shown that as a guorrilla force Units would be difficult, if not Impossible, to eradicate, although not strong enough to win the country. Some of its-74,000 fighters now form a regular army, theoretically capa-hie of taking and holding towns, possibly even laying siege to the Angolan capital,

But this development poses dent Mobutu have also to be cantious in their use of pres-Its own problems, bowever. Forces operating at brigade

strength are not self-sufficient to play. Zambia's economic problems could be eased if the in the same way that small guerrilla units can live off the land. The brigades rely on, for example, motorised transport. Bengucia railway were functioning. This will only happen if there is an MPLA accommoand fuel. In the past, diesei fuel from South African sources has been insported by road through Namibia, and across the Caprivi Strip. dation with Units. Mr Savimbi has different tac-

ties for President Mobuta, who tics for President Mobuth, who faced two attempts - in 1977 and 1978 - by Angola-based eriles to take over Zaire's southern copper province of Stable. The Units presence along the Angola-Zaire border obild readily be allied with the strong ant-bloburn sentiment found in Shabe. 1

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srong gain-should sentiment frand in Shaba. A kay piece in this complex geo-political figure is the US-supplied ground-to-air Stinger missile. There is some doubt about their svailability, first offered in 1965. After disagree-ment between the Pentagon and the State Department over the wisdom of supplying them, a consignment eventually left the US. Some missiles, at least, any have get no further than South Africa. Unless the Stingers have materialised in the past few weeks, however, Units troops are exposed if the MPIA were to repose its so far manocens-ful assent on Maxinga, with increased air support, it may prove one of the war's most important battes. Rowtinson Conter is a freel-ance journalist who has recently returned from southern America Unit's main oucker, is wight to fly in what it can from the Kamina air base in Zaire. Units has several bush airstrips capa-ble of handling aircraft as large as the C130 Hercules, builthey are deep in Units ferritory and therefore a long way from where their cargoes would be

The politics of US ald are also complicated. Washington encouraged Mr Savimbi to attend the meeting yesterday, but there is a limit to the pres-sure the US can bring to bear, for the Units leader enjoys sub-

stantial support in Congress. President Kaunda and Presireturned from southern



Mubarak, left, welcomes Rabin for talks in Cairo yesterday

Lebanese leader spurns Japan. The overall value of exports remained static at Dirhams Arab League proposals

By Lara Mariowe in Belrut

GENERAL Micbel Aoun, the

45bn despite a 12 per cent fall in value of petroleum prod-acts. The downturn in oil place. Lebanese Christian leader, has taken a hard line against the peace proposals put forward at prices was largely compen-sated by increased volumes of oil exports, according to oil industry sources. Throughout

Algerian Cabinet reflects Chadli's desire to reform UAE trade surplus falls By Francis Ghilès

THE determination of Mr Mouloud Hamrouche, Algeria's new Prime Minister, to pursue radical political and economic reforms to pull the country out of crisis and restore public trust in the government is borne out by the list of minis-ters he presented to President Chadli Bendjedid at the week-

end. Most of the 23 ministers have never held a portfolio before and most are young, highly qualified and respected profes-sionals - often doctors or tech-nicians who have been in charge of state companies. Less than half are members of the central committee of the ruling Front de Libération National (FLN).

Mr Hamrouche has for the past three years held the key post of secretary-general of the post of secretary-general of the presidency and as such, played a key role in promoting the liberalisation of the country's state-controlled economy, e policy promoted by the head of state but opposed by many FLN stalwarts. He was appointed ten days ago, after Mr Chadli had sacked Mr Kasdi Merbah, whose attitude to the

much feared head of internal security throughout the 1970s, was appointed Prime Minister in the wake of the riots last October which had seen the worst violence in the country

since independence in 1952 Three members of the Cabi-net are of particular interest. for the past ten months held the Finance portfolio, during which time he successfully concluded negotiations to raise funds from the IMF and refin-ance some of the country's trade debt. He has also helped shape a more flexible gas export policy, something of vital importance as natural gas remains the country's most marketable The oppointment of a judge, Mr Mohamed Salah Mohamedi, Mr Mohamed Salah Mohamed, to the Interior Ministry is sym-bolic of the President's wish to promote the rule of law. The Ministry of Economic Affairs goes to Mr Ghazi Haidonci who gives loss has acted as who, since 1986 has acted as team-leader of a group of eco-nomic reformers in the presi-

This group has played a vital role in trying to develop ideas commodity. Throughout the 1970s, and before he fell victim to internal political infighting. Mr Ghozali was in charge of Algeria's oil. in a broad range of sectors, not simply economic affairs. They have also battled to break and gas monopoly. Sometrach. He is a widely known and respected figure in internadown the stranglehold of the old FLN msrxist guard over many walks of Algerian life.

Mr Sid Ahmed Ghuail, the Minister of Foreign Affairs, has for the past ten months held tional business and diplomatic

tional business and diplomatic circles. Two posts have disappeared from the Cabinet - informa-tion and culture. This is a highly symbolic act and it is true that over the past two weeks the Algerian modu have broadcast and published infor-mation which would have been quite unthickable only a month aco.

quite unthinkable only a month ago. As October 5, the anniver-sary of last year's rlots, approaches, the President has regulated the political initia-tive. But, for the average Alge-rian, it is only when the supply and price of daily staples and convertise becomes more stable cignretias becomes more stable that he will really begin to believe things are changing.

UK minister urges fresh plan for boat people |Seoul trial By Michael Marray in Hong Kong HONG RONG'S voluntary repatriation programme for Vietnamese boat people is unlikely to solve the problem by itself, and the international



disrupted by defence protests By Mapple Ford in Secul

THE FINAL DAY of the trial of the South Korean clergyman

who made a clandestine visit

to communist North Korea,

was disrupted yesterday by definite protests about the fair-man of the judges; Mr Moon, whose illicit visit created a political storm in

South Korea earlier this year,

has been charged with hreaking the draconian National Security law which bens any contact with the North or "anti-state" organisations sup-

Those couvicted under the iss could face the death pen-sity although a prison term is more usual. Also facing trial

More the law at present are been and the law at present are be find one Jung, leader of South Korea's parliamentray opposition, a Catholic priest, another MP and his aides, a woman student and several

reforms was felt to be inke-warm at least. Mr Merbah, who was the

of the US dollar; the dicham is pegged to the dollar while the bulk of its imports comes from the European Community and

the weekend by the Arab League,

Yesterday artillery bombard-ments continued in defiance of the Arab League's ceasefire appeal, and at least six more civilians were killed.

The shelling began 90 min-utes after a television appear-ance by Gen Aoun, in which he reverted to his hardline position of refusing to consider political reforms before a Syran withdrawal from Leban Such reforms are likely to give Lebanon's Moslem majority greater political power.

"Reforms are a trap which will not bring back (Lebanon's) sovereignty," said Gen Aoun. He made clear his opposition

to the Arab League plan by rejecting its suggestion of an inter-Lebanese security com-mittee to halt arms shipments. In view of the continuing shelling in Beirut, the Arab League communique is now helng interpreted to mean that the ceasefire will take effect only when the security committee - rejected by Aoun - is in March.

Aoun's aides said did not rep-resent the content of earlier negotiations, the general post-poned by 24 hours his appointment with Mr Lakhdar Ibrahiml, the League's special envoy. Mr Ibrahimi is in Beirut to arrange a venue for e special session of the Lebanese parlia-ment and to set up the security

Mr Ibrahimi and Gen Aoun epparently could not come to an agreement when they met yesterday and are to renew talks today.

exports ruse by 13 per cent to Dirhams 7.6bn, up from Dir-hams 6.66bn the previous Gen Aoun, who spoke of a Syrian Israell American "con-spiracy of several layers, like a club sandwich", appears increasingly isolated. With the VEST. Meanwhile, currency flows out of the UAE fell sharply, reflecting increased confidence in the local economy following the end of the Gulf War. Cash sole exception of his Iraqi backers, the Arab countries, his Lebanese opponents, the United Nations, the US, the Soviet Union and France have transfers from the CAE fell to Dirhams 2.93km from a high of Dirhams 8.26km in 1987. This was also helped by the appreendorsed the Arab League tripartite committee's seven-point cistion of other Arab curren-cies against the dirham which plan to end the conflict that has killed 921 people and wounded 2,713 others since stemmed the flow of transfers from expairinte Arabs work-ing in the UAE.

with special responsibility for Hong Kong, said yesterday while on a visit to the terri-

community must come up with a more effective solution, Mr Francis Mande, the British For-eign Office junior minister

1988, the UAE consistently produced 20-30 per cent above its Opec quota of 948,000 har-rels per day, the industry says. tory. Mr Maude spent part of the second day of his scheduled three-day stay at the Hei Ling Chan detention centre, which Non-oil exports rose marginally to Dirhams 5.4bn, helped by an upturn in aluminium houses around 3,500 boat peo-ple, where he toured kitchens and dormitories, briefly saw a Re-exports, which are an soccer match in one of the recreation areas, and spoke important element of the UAE's economy and in particu-iar of the Emirate of Dubal, through an interpreter with were also up. The value of re-

the boat people. He stressed thet the vast majority of the Vietnamese in the territory have no alterna-tive but to return home, and noted that the few bundred who had so far gone back to Vietnam under the voluntary repatriation programme was a tiny number compared to those arriving in Hong Kong. "It may well be that the

numbers will increase," Mr Maude said, but added that it was "to the highest degree unlikely that it will solve the problem fully". There is considerable popu-

Jordanians adjust to the novelty of open political debate

lar pressure locally fer the same time refusing to support



Hr Mande yesterday with Vietnamese refugees at Hel Ling Chau camp

introduction of some sort of forced repatriation, but Hong Kong has encountered opposition from countries such as the US against any such move. Hong Kong legislators have pointed to what they see as en inconsistency in the US position, in being reluctant lo accept boat people originating from North Vietnam, but at the

large numbers of the boat peo-ple caught in n no man's land of detention centres in Hong The colony's Vietnamese

population currently stands at 56,000, of which ovor 32,000 have arrived this year. In June 1968, the Hong Kong Govern-ment introduced e screening policy for all new arriv-

the elections.

clectoral han

forced repatriation, leaving als - most of whom are from North Vietnam - which seeks to divide the bost people into those deemed to be genuine refugees floring persecution, and so-called economic

"We demand a practical commit-

ment to the constitution, we oppose

sure that he will be allowed to con-

test the elections but is campaigning for an eventual abrogation of the

If the elections provide an distoric

country's most marketable

Mr Moon's trial has been beld in camera with no reports of the evidence available.He Over 90 per cent are likely to be classified in the latter category, and will be held in closed camps before eventually hav-

of the evidence available ne has pleaded not guilty to breaking the law, which he believes is designed to perse-cute these who such democracy in South Kores and reunifica-

journalists.

At yesterday's hearing the prostoution was due to sum up to case, ask for a guilty verdict and suggest a sentence. But defence counsel refused to allow the proceedings to con-tinue, state radio reported.

If the defence files a formal complaint about the judges' impartiality which is accepted by the court, the panet of judges would than be replaced, producing, in effect, a retrial. The National Security law is

the rational security new is one of the main targets for change by the opposition and is due to be debated at the cur-tant sension of the National Assembly which started yesterday.

President Roh Tae Woo hos avies Mr Juan Antonio Semar-anch, President of the Interna-nonal Olympic Committee, to help in negotiations between North and South Korea over stilling a joint team to the 1980 Antan Games in Peking, it was reported yesterday. Mr Samaranch was visiting South Korea on the anniver.

South Korea on the anniver-sary of last year's Scoul Olym-pics. Mr Roh also announced the establishment of a \$450,000 "Sedui Peace Prizo" to be awarded every two years to be groups of individuals who con-tribute to world peace and reconciliation.

The forthcoming elections are seen as a necessary adjunct to economic reform, reports Lamis Andoni in Amman

FTER a sleep of 22 years political liberalisation. A democratic politics are begin-ning to stir in Jordan, with unpredictable consequences within the country and implications elsewhere in the Arab World.

The campaigning for the first parliamentary elections since the 1967 war, due on November 8, has already begun and is sparking off open polit-ical debate, the like of which has not been seen in Jordan since the 1970 civil war.

The stakes are high: a successful Jordanian experiment with democ-racy might point the way towards a new kind of Arah politics, while fail-ure would be a serious blow to stillembryonic attempts to build demogratic institutions throughout the region.

Above all, the elections are of crucial importance to Jordan's efforts to reform its economy, which has been in crisis for the past year, with rising unemployment, rapidly increas-ing inflation and a heavy debt bur-den. Following price thots in a number of Jordanian cities in April and a subsequent change removing Prime Minister Zaid Rifai, the authornties appear to be convinced that economic restructuring needs to en hand in hand with a measure of

Not, of course, that glasnost and perestroika have suddenly broken out uoder the 60-year-old Hashemite monarchy. Liberalisation is limited by structural and bureaucratic con-straints built up in the absence of effective parliamentary life during more than two decades of martial law. Political parties remain banned and there are doubts as to whether committed political activists will be allowed to contest the elections. Moreover, election campaigns and meetings are subject to official

restrictions. But these prohibitions and the strong grip of the influential security apparatus have not prevented of Prime Minister Zaid bin Shaker, a distant cousin of King Hassein, was sworn in four months ago.

it was in response to public pres-sure that the king, ruler of Jordan since 1953, pledged to hold paria-mentary elections, allow a freer press and crack down on corruption. Evidently encouraged by these achievements, Jordanians have since kept up the pressure for gennine change involving the creation of checks and balances in government Individuals and banned political

organisations have been mounting leaflet campaigns, attacking symbols of influence and wealth, lambasting corruption and calling for an end to curbs on political freedoms. The trend calling for a genuine return to parliamentary life is overriding and nobody dares stand in its way," says Mr Taher al Masri, the former dep-uty prime minister who has resigned to contest the elections.

'Glasnost and perestroika have not, however.

suddenly broken out under the Hashemite monarchy. Liberalisation is limited. . . political parties

remain banned"

Two weeks ago the Government released 62 political activists detained during the riots in April, a move which restored some popular confidence in official promises to guarantee free elections. On the economic front, the newly-

appointed central bank povernor has moved swiftly to stabilise the dinar while the Finance Ministry has just ficalised tax reforms that would relieve the tax burden on poorer Jor-donians. Just as importantly, the last few weeks have seen the fall from power of a number of figures whose infinence was conspicuous under the previous government. in August, the Government used martial law to take over Petra Bank, the country's third lorgest bank which was suspected of contributing to the dinar's fall through specula-tion. Mr Ahmed Chalabt, the bank's well-connected iraqi founder, left the

country in mysterions circum-stances. Official investigations into the bank continue. Mr Ali Ghandour, another impor-

tant symbol of power and wealth and a close Lebancse associate of King Husseln, has resigned after running the official Jordanian olr line for 27 years; this was apparently in response to public pressure. Mr Ghandour, however, was appointed special adviser to the King on aviation.

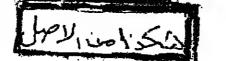
This month the resignation of Mr Abdul Hadi Majali, Jordan's power-ful police chief and a member of one of the country's most influential clans, has been accepted.

This amounts to a minor revolution in Jordanian institutions which had previously attracted public criti-

cism. But the real test will be in the election process. Around 2,000 Jordament to the constitution, we oppose military coups, or a takeover by Moslem fundamentalists," says Dr Yacoub Zudin, the general secretary of the JCP, who has recently emerged from hiding after last April's crackdown on left-wingers. Like many other activists, Dr Zhadin is nonunative himself for the parliament despite the fact that the 1966 electoral law bans committed political activists from running for the elections. nians representing most political tendencies, including some of Pales-tinlan origin, have already lives as candidates announced the to contest the al parliamentary SCALS.

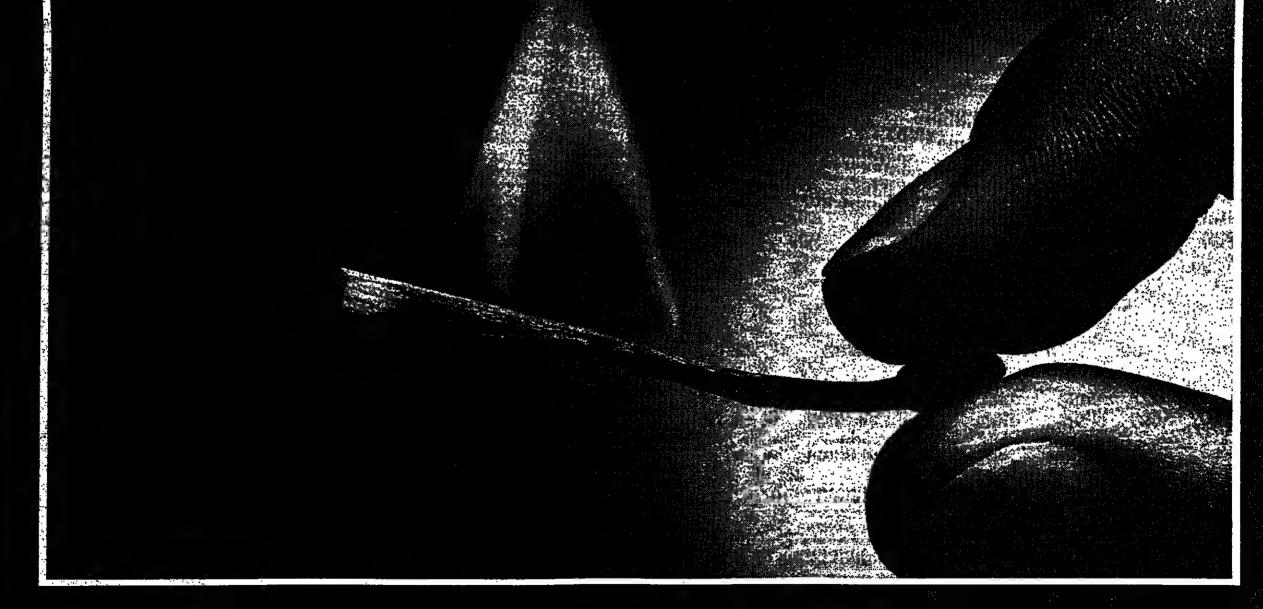
Meny politicians agree that e return to the 1953 constitution which guarantees political rights could pro-vide the basis for national consen-sus. Last week a costition of the banned Jordanian Communist Party and other left wing groups, pan Arab notionalists, together with some Islamic politicians and Liberals comprising personalities who led the opposition in the 1950s and 1960s --issued a common programme which amounted to a call for n constitu-tional monarchy and the formation of a government that reflects public upinion.

The opposition's programme is in opportunity for broader political per-ticipation in Jordan, they may also give the authorities the co-operation marked contrast to calls in previous decades for the overthrow of the monarchy. They apparently hope that their public commitment to the constitution would counter a provithey need to enforce economic nusterity measures. Given the periousness of Jordan's delt burden and its sion contained in the 1986 electoral law banning members "who belong desentience on foreign aid, however, to unconstitutional groups" from the elections may only be the beginning of a much longer process running for the cluctions.



the elections. "We believe in effecting change through democratic means," explained Mr Salem Nahas, a jeff-wing writer recently released from jail to emburk on active canoalgo-ing. Like Zizdin, Nahas is not even

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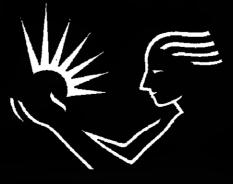
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5

AMERICAN NEWS Jamaica still laid low a year after Gilbert

Pentagon takes control of US anti-drug effort

By Nancy Dunne in Washington

6

MR DICK Cheney, US Defence Secretary, yesterday took com-mand of the administration's widening efforts, as part of President George Bush's new war on drugs, to combat the production and smuggling of

narcotics into the US. Declaring the need to stop the production and smuggling of illicit drugs a "high-priority, national security mission," Mr Cheney said the Department would involve itself "in every phase - at the source, in the delivery pipeline, and to fur-ther support federal, state and local law enforcement agen-

He ordered the armed forces Atlantic Command to submit a plan within three weeks for "a substantial Caribbean counter narcotics task force, with appropriate planes and ships, to help reduce the flow of drugs from Latin America".

Mindful of widespread oppo-sition to using the US military in foreign combat, he said the US will provide economic and security assistance, training and operational support for armed forces and law enforce-ment agencies in drugproducing countries.

"There's a very clear line right now," he said of US involvement with foreign military. "There has been no request from any host-country for the active use of American combat personnel. We aren't flying their belicopters for We aren't travelling

production this week if the

government fails to agree sub-

The company, with more than 60 per cent of the Brazil-

ian market, says rises in costs

of basic materials such as steel

mean it can no longer pay com-

stantial new price rises.

ponent suppliers' prices.

Ford and VW threaten

Correspondent with their units as advisers THE Institute of International Finance, a Washington-based group which speaks for interinto the field when they're on operational assignments" Mr Bush has told Defence to

national banks, said yesterday be the lead department in improving co-operation by vari-ous federal agencies. Mr Chethat countries which allow interest arrears to build up ney yesterday gave the com-manders of various commands will face difficulties in negotiating debt reduction agree-ments with creditor banks. a deadline of October 15 hy

The pronouncement, in a let-ter to the chairmen of the two which to present plans for their roles in the mission. important committees of the The expanded military effort International Monetary Fund and the World Bank which are would increase surveillance at the Mexican border, support local police efforts and co-ordito meet in Washington next week, spells potential difficulnate intelligence-gathering. He ties for Argentina, Venezuela and Ecuador, which are in sig-nificant arrears to banks but also asked civilian department and agency beads to submit

The Secretary said the US was studying these proposals: • to install mobile radars in producer countries.

nificant arrears to banks but also looking to benefit by pro-posals under the international debt strategy launched in March by Mr Nicholas Brady, US Treasury Secretary. Two debt reduction agree-ments with banks have been outlined so far - for Mexico and the Philippines - under the Brady plan. They are the first which nse official resources, including money train counter-narcotics forces of foreign countries, including the greater use of mobile training teams. • place military personnel in federal law-enforcement agen-

cies to provide liaison for trainresources, including money from the IMF and World Bank, ing and planning. to support a reduction of debt support US National Guard operations in the various

burdens. In the letter, the Institute states. provide temporary overflow

facilities for jail space. Mr Cheney said he opposed proposals to give US armed forces authority to shoot down Philippines, in marked con-trast to other would-be candi-

dates for debt reduction, continued to service their existing obligations prior to and during aircraft coming into the US. negotiations with banks. "Obviously, the first time you "Interest arrears are a major impediment to banks' willingmade a mistake you would have severe problems," he said.

ness to engage in voluntary debt and debt service reduction, hnt banks are prepared to negotiate with debtor gov-ernments which have taken meaningful steps to become

Sovereign

warned over

debtors

arrears

Euromarkets

By Stephen Fidler,

indermined by IMF tolerance of interest arrears to banks. This is counter-productive because arrears are an invita-tion to capital flight," the letter says.

RAVELLERS on the road to Kingston's international airport are inevitably drawn to the sight of a light aircraft suspended between two trees. It was blown there exactly a year ago and is a reminder of the strongest burricane ever recorded which scored a direct hit on

the island of Jamaica. While this monument to hur-ricane Gilbert has become probably the most photo-graphed landmark on the island, Jamaicans are still feeling the pain of that traumatic ember afternoon

The economy has been slow to recover as export earnings have been reduced and imports have risen. The reduced earn-ings have put the Jamaican dollar under pressure causing an 8 per cent depreciation over the past month, and forcing the government to intervene to try to stabilise it. "In one afternoon nearly 40

per cent of our gross domestic product was wiped out," said Mr Michael Manley, the Prime Minister, reflecting on the eco-nomic impact of the storm.

"It was obvious that we could not take a blow of that size and not pay a price for it. We got a lot of help from abroad but there is no way that this form of assistance can ever cover the loss from a disaster of that size."

by ever-optimistic Jamaicans, left a half million people - about a fifth of the population - without homes. Export agriculture, mainly sugar, bananas and coffee, was extensively affected, Damage to some hotels and the disruption of electricity

and telephone services caused a dip in tourism while the bauxite industry was affected by a brief shutdown of mines and refineries. The immediate repair needs

were met by insurance pay-ments. Mr Pat Taylor of the office of the Superintendent of Insurance said that \$545m had already been paid to meet



claims for damage. He said this represented 80 per cent of the claims which would be met.

These payments had a posi-tive; if hrief, impact on last year's economic figures when the deficit on the current account of the balance of payments fell to \$1.8m from \$148.4m the previous year. In the first half of this year, how-ever, Jamaica recorded a visi-ble trade deficit of \$398.2m. \$164.6m more than the deficit in the corresponding period of 1988

The Government has had some difficulties in being mag-nanimous in assistance to

The economy has been slow recovering from a hurricane, writes Canute James

poor, homeless Jamaicans and

small farmers, say officials. A programme to distribute "building stamps" and "agri-

culture stamps' which can be exchanged for materials is

being affected by fears that spending targets in the fiscal budget, under tight controlthrough agreements with the International Monetary Fund, could be blown.

Mr Manley has admitted to a de facto devaluation, saying the exchange rate of J\$5.50 to the US dollar over the past five years cannot be held at that level. Demand in the central bank's hard currency auctions, which determine the exchange rate, has jumped ahead of sup-

MORE than 5,000 people were removed from coastal and low-land areas of the Caribbean island of Paerto Rico yesterday afternoon as the eye of Hurricane Hugo skirted the north of the island. Cannte James reports from Kingston. Officials on Poerto Rico said Officials on Prierto Rico said there was extensive damage on the tiny neighbouring island of Calebra, where one person was tilled. The storm, with whats up 140 miles per hour, had caused heavy damage on the French island of Guadeloupe and the British island of Moniverrat. The death toll from the

The death toll from the storm, one of the strongest in the Caribbean for a decade, reached 11 last night. Five

ply and the Government bas, had to increase the amounts to stabilise the rate. The Prime Minister argues that despite the problems, the prospects for the economy are not all bleak, as sectors such to tail bleak, as sectors such as tourism, bauxite and manufacturing any expanding while sortculture is getting back on its fact, albeit showly. But he, like all Jamaicans,

now weatherwise and expert after the fact, regard with more than a small degree of trepide-tion the birth of each fropical depression in the Atlantic, and the storms which they spawn and send charming towards the Caribbean.

people were killed on Guade-loupe, four on Montserrat, two on Antigue and one on Culebra.

Collebra. Reports from Montserrat, which has a population of 12,000 people, suid only a few fuldings encaped damage, and finit patients were evacuated from the hospital, which was destroyed.

Hugo was on a path which would take it past the north-west of Puerto Rico last night and on to the northern coast of neighbouring Hispaniola (the Dominican Republic and Haiti) and to the Bahamas.

The hurricane is being followed by Tropical Storm Iris, which was about 500 miles east of Barbados Isst night.

Gilbert, almost immediately immortalised in popular song An aircraft treed by Gilbert still awaits rescue in Jamaica says: "Both Mexico and the Political thaw allows social issues to the fore at UN

By Michael Littlejohns, UN Correspondent, in New York

Social issues that were often all but obscured by the cold war could command as much or more attention than some of the hardy perennial political questions on the 150-item

Drug trafficking, interna-tional terrorism, the Aids epi-demic, the deteriorating environment, crime in the streets, the plight of millions of refugees and other homeless peo-ple, and continuing violations of human rights are only a few of the problems up for debate.

The Arab-Israeli conflict (with special reference to the Palestinian uprising), devastated Lebanon, tension in Cambodia and developments in southern Africa will all receive attention. Mr Yassir Arafat, the Palestine Liberation Organisation chairman, is reported to want speak in the Palestine debate. He was denied a US visa last year and so unable to speak in New York.

every General Assembly ses-sion's resolutions - 1989 will be no exception. Talks in the. US this week between Mr James Baker, US Secretary of State, and his Soviet counterpart, Mr Eduard Shevardnadze, which may lead to accords on

verifying disarmament measures, could give impetus to forthcoming UN discussions. President George Bush, a for-mer US ambassador to the UN, is among more than 20 heads of state or government plan-ning to address the general assembly. Mrs Margaret Thatcher, UK Prime Minister, has not picked up an invitation by President Carlos Menem of a year ago, sounded an alarm on the environment, saying global pollution and climatic Argentina to meet and discuss the Falklands issue during his change were threats as dangerhrief UN visit. She is expected ous as war. The Soviets, admitting that they too have a drug problem, to arrive next month and talk mainly about the global envimight be ready to accept a more vigorous UN role to com-bat what Mr Javier Perez de

ronmental crisis. President Mikhail Gorbachev of the Soviet Union has given no sign of wanting to repeat his UN visit of last December, but a Soviet public relations.

death." President Virgilio Barco of Colombia, where paroffensive is considered inevitable anyway. Mr Gorbachev is said to have been a moving spirit behind a special peace day programme being televised by satellite this morning before the assembly starts. The Soviet Union is given credit for useful initiatives. Mr Shevardnadze, in a UN speech

Cuellar, UN Secretary-General,

last week termed "the com-

merce of degradation; and

eotics cartels threaten the very foundations of the country, is to address the general assembly on drugs next week. These annual sessions afford

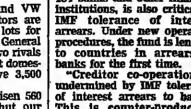
an opportunity for many pri-vate exchanges among visiting leaders. Mr John Major, Britain's new Foreign Secre-tary, is expected to have his Bod emberantic with the first substantive talk with the Soviet minister during a weeklong visit. The presence of the foreign ministers of Iran and iraq may well yield new efforts to breek the Gulf deadlock. Today the main business is to elect an assembly president.

Maj-Gen Joseph Garba of Nigeria, is the uncontested



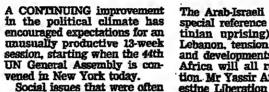
lack of parts. Fiat and General Motors, Autolatina's two rivals in the potential 1m-unit domes-tic market, both have 3,500 uncompleted vehicles,

"Steel prices have risen 560 per cent this year, hut our price adjustment has been only 254 per cent," an Autolatina official said yesterday.



current on interest payments." The IIF, which represents 184 banks and other financial institutions, is also critical of IMF tolerance of interest arrears. Under new operating procedures, the fund is lending agenda. to countries in arrears to banks for the first time. "Creditor co-operation is





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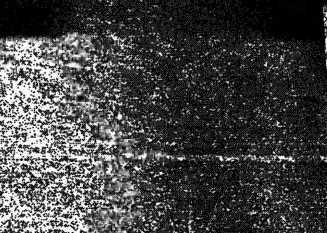
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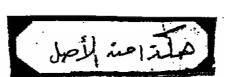
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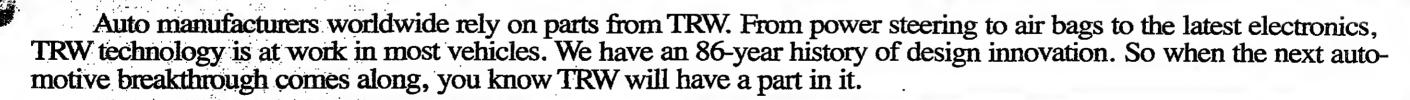




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WORLD TRADE NEWS

Firm solution needed for Asia air snarl-up

Airport congestion has been under-estimated, a study finds. Richard Gourlay reports

IRPORT congestion in Asia has been greatly under estimated in many forecasts of air traffic to the year 2000 and is likely to be the single biggest obstacle to growth in fleet size. according to a study of regional air traf-

While worldwide supply of wide-bodied aircraft will have to grow 45 per cent over the period to meet demand. Asia's airlines will need to double their fleets if they are to accommodate the region's growth and the recently-ec-quired passion in Japan for foreign travel. But such growth will not be possible unless the prohlems of airspace and airport congestion are addressed.

The study was compiled hy the Manila-hased Orient Airline Association (OAA) which represents 14 regional airlines. including JAL. Qantaa, All Nippon, Cathay Pacific, Thai, Korean Air and Philippine Airlines, that together accounted for 40 per cent of the world airline operating profits in 1988. It draws on studies from member airlines, the regional airports and projections from Boeing, Airhus Industries and

MacDonall Douglas. It confirms that the higgest hottlenecks are likely to remain Tokyo's Narita, Hong Kong's Kaitak and Sydney'a Kingsford Smith airports and the airspace around Japan.

These airport authorities respectively forecast 7 per cent. 5.7 per cent and 8 per cent annual growth in passenger departures to the year 2000. Actual growth rates in 1988. however, were 27.1 per cent for Narita, 20.4 per cent for Kaitak and 15.7 per cent for Sydney. Even given what the OAA

with 13.3m in 1988.

calls these "low to medium sce-nario" growth patterns. Osaka and Narita airports will handle more than 24m departures by the year 2000 compared with 9.5m in 1988, Kaitak 16m com-pared with 7.7m and Sydney 37m domestic and international departures compared

A more realistic scenario, according to the OAA study, is a 9-9.5 per cent annual growth in passenger traffic for the region as a whole - even after taking account some loss of momentum as a result of the economic and political turmoil in China. This translates into about 185m departures a year at the turn of the new century, compared with 66.5m in 1988. Cargo freight, handling of which is not considered such a problem hy most airport authorities, will grow at most to 14m tonnes from 3.3m tonnes a year hy the year 2000. Current airline expansion plans will not, according to the OAA, meet these demand projections. Mr Michael Hewitt, the OAA secretary-general,

OAA OPERATING PROFIT (US\$bn)

1987(actual) 1988(actual) 1989(projected) 3bn 3.9bn 4.3bn 1990(projected) 1991(projected) 1992(projected)

In 1969, 70 per cent of the OAA airlinas' traffic and revenues airlinas' traffic and revenues was generated from within the region. The balance was split between Europe and the US equally. The numbers of Japa-nese travelling abroad rose 25 per cent in the tast two years (1987 and 1988) but 60 per cent of their travel was within the region

believea new orders will increase until 1992 and that up to a further 100 wide-bodied aircraft will be ordered region-ally in addition to orders already placed. The OAA mem-bera have 583 aircraft, two thirda of which are aircady wide bedied decime wide-bodied designs. Some of the current airport

congestion problems are being addressed. Canberra has decided, subject to an environ-mental impact study to build an extra runway at Kingsford Smith. The downside of this hard-won victory for planners

is that a decision to build what is the long-term solution, a new airport, probably at Badg-ery Creek, may now be further

In Hong Kong the Governor will announce in October the location of new airport - prob-ably at Chek Lap Kok - which will be completed by 1997. Extra aprons are planned at Kattab but assignment at Kaitak but estimates auggest the recently-expanded airport will still reach capacity by

1992 In Tokyo what should have been the second half of the Narita airport complex remains unbuilt amid contin-ued resistance from a handful of Japanese formers and possis of Japanese farmers and persis-tent barassment of officials by tent bacassment of othicials by environmental pressure groups. Pushing Honeida into Tokyo Bay mainly for domestic traffic will help only partly. Development of Kansel, a new airport in Osaka Bay, may be more beneficial when it comes into operation in 1993.

Some hope is also offered by more advanced aircraft tech-nology as more longer haul jets from the US are able to fly past Tokyo to other Asian capitals. This will allow US airlines such as American, Continental and Delta to develop the kind of "hnb and spoke" operations out of Seoul's Kimpo airport, for example, that North West and United have successfully built out of Newton built out of Narita

This could ease pressure on one of the most serious conges tion points in the air corridor east of Narita through which many west-bound trans-Pacific flights must pass. But the real

hottleneck around Japan is unlikely to be removed until Japan's military lifts restrictions on civilian flights over the Sea of Japan, to the west of

the archipelago. Mr Hewitt believes less tan-gible pressures are developing on Asia's airports. Deregula-tion and liberalisation in the US, developing in Europe and coming in some form next year toAustralia will not pass Asia by. In the wake of additional flexibility and perhaps less reli-ance on bilateral carrier arrangements will be cheaper fares and increased demand to

travel The OAA report offers no solutions other than that more larger solutions other than that more hotels, airports and larger fleets need to be built to accommodate the region's changing travel tastes. It implies, however, that if gov-ernments are to meet the chal-lenge they will have to open to debate historically prickly issues. They will have to raise the question again - in Syd-ney and Hong Kong, for exam-ple - of lifting night flying curfews and they will have to combat the altogether tougher 15-year opposition to new facil-ities at Narita in Tokyo.

Seoul-Pusan rail system planned By Maggie Ford in Seoul

SOUTH KOREA is to spend Won 3,500kn (£3.80n) on a new high-speed rail system between Seoul and the main port of

Preliminary studies are under way and the Korea National Railroad, with the Transport Ministry, has

Transport Ministry, has appointed Louis Berger, the US consulting firm, to belp investi-gate new rail systems. A symposium will be held in Seoul next month in which the technology behind France's TGV, Japan's Skinkansan bul-let train and West Germany's newly-developed ICE will be explained. The Government rail study group has been asked to make recommendations by next June, after which the contract

tries The guidelines cover the size June, after which the contract will be open to international bidding.

Thes, The guidelines cover the size of the offset programme and the number of jets to be either bought off the shelf, assembled in South Korea from kits, or fully built in South Korea. During his visit, Mr Mos-bacher is reported to have asked South Korea to buy 20 fighters directly from the US, rather than the 12 tentatively agreed, and to decrease the off-set programme from 50-60 per cent of the value of the con-tract to 30 per cent. Offset programmes framsfer benefits to purchasers of mili-tary equipment either in the form of production, training or technology. They may also include export of locally-made sirvaft equipment to the other The project has acquired a sense of urgency following South Korea's recent economic success. Planners have noted the advances made recently in rail technology, especially in rail technology, especially the ultra-fast magnetic levitated systema being designed in Japan and West Germany, but have not yet firmly fixed their own requirements concerning speed, routing, and safety lev-els. Korea will be looking for a balance between the best technology, best performance and cost.

Mosbacher plan puts South Korea fighter negotiations in doubt

By Maggie Ford in Seoul

NEGOTIATIONS over the \$35n (£1.8bn) Korean Fighter Pro-gramme, under which two US defence contractors are vying for the contract to supply 129 fighter jets, have been thrown into doubt following the visit to Scoul of Mr Robert Mosbacher, US Secretary of Mospacher, by Setterally of Commerce. McDonnell Douglas, offering the F/A-15 (fighter/attack) and General Dynamics with the F16 have been bidding for the deal on the basis of guidelines tentatively agreed several years ago between the minis-tries of defence in both coun-tries

gress about the hander of US bechhology to countries which might use it to generate US export markets. Earlier this year, a irade battle erupted over a contract with the Japa-nese company Mitsubishi to codevelop the US FSX. a new generation of fighter. Industry specialists say the South Korean deal is different from the FSX contract, where

from the FSA contract, where US and Japanese engineers will jointly develop new tech-nology. The Korean pro-gramme involves only the transfer of existing technology. as has been done in many countries:

Observers noted that con-cern had risen in the US Con-

grest about the transfer of US

The argument over the Kor-ean Fighter programme may reflect the decision by the US Administration to take a much harder. line on trade issues than in the past. Mr Mosbacher praised Seonl'a progress in opening its markets during his visit last week, contrasting South Korea's approach favourably with that of Japan. But he said a number of The argument over the Kor-

But he said a number of issues remained between the two countries, including curbs on telecommunications imports, intellectual property rights protection, and farm product imports.

Sony to begin output of magnetic tape in France

By William Dawkins in Paris

SONY, the Japanese electronic group, is to begin making magnetic tape in France in early 1991, in its latest move to boost its products European content. Work will being early next year on a FFr500m (£48.2m) facyear on a FFr500m (£48.2m) fac-tory employing 100 people, at Dax in the Aquitaine region of south-west France. It will sup-ply two Sony video tape and audio-tape plants nearby, plus a group audio-tape factory in Rovereto, Italy. The three European tape plants produce 9.6m casettes monthly, con-taining magnetic tape from other Sony factories in Japan and the US. Sony opened its first. Euro-

Japan, spread across Europe, North and South America and Asia. With a French turnover of FFr3.75hn last year, it is the country's higgest producer of video and audio cassettes. The investment "demon-strates our desire to follow up

our efforts to develop local industry in depth," said Mr Masaaki Morita, Sony's deputy president. The group was hop-ing to buy most raw materials for production at the new plant

While Sony does not pay BC anti-dumping daties on its imported magnetic tapes, a spokesman said one reason for building up local production was to avoid the risk of such dinties.

Sony opaned its first Euro-pean factory in 1974, in Britain, and now has 30 plants outside

Shoe industry lobbies EC to curb rising imports

By Alice Rewsthorn

THE European shoe industry is day" among the European shoe lobbying Brussels to take steps companies because of its "failthe rise in impor which it says is causing devas-tating damage in the European industry. In recent years, the Euro-pean shoe companies have been hit by a rapid rise in imports from emerging manu-facturing centres such as South Korea and Taiwan. This influx has been one of the chief causes of factory closures and joh losses that have hit: the European industry. Two years ago, the European Confederation of the Footwear industry (ECFI) lobbied the Countrission over the rand the Commission over the rand rise in imports of shoes from Taiwan and South Korea. The commission has mounted an inquiry to assess the problem, but has yet to decide on action. The ECFI has sent an open letter to the Commission say-ing that "aiger is rising every

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Henderson Administration Group plc

has appointed Morgan Stanley Trust Company as the sole Global Custodian for its overseas equities and debt securities for its pension fund, investment trust and private client business. The account represents over £1.5 billion of funds under management. The appointment follows nearly one year's work of research and reflects Henderson's need for a highly efficient global custodian to service its clients' growing demand for international equities. Henderson believes its clients will benefit from Morgan Stanley's advanced use of technology. Client costs will be reduced by pooling accounts and through greater efficiencies in settlements and prompt and accurate reporting of transactions. Morgan Stanley's facility to allow the direct transmission of information from Henderson to the local sub-custodian via a global clearing center eliminates the risk inherent in the usual three step process of transmitting transactions.



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(MSGS) offers fully-integrated services, including global custody in support of the institutional investor. MSGS, through its international expertise and advanced proprietary technology, has the capability to provide these services in fixed income and equity securities in 23 countries including those followed by Morgan Stanley Capital International Perspective.

The confederation is now pressing for restraints not only on imports from South Korea and Taiwan but against imports from all countries into the European Community. This is intended to prevent South Korean and Talwanese manufacturers from relocating production in other countries. Further, the ECFI is lobby-

ing for free access to countries - such as Taiwan, China and Brazil - which have free access to Europe but impose restrictions on the flow of

European products into their own markets. The confederation argues that the introduction of these incasures will give the Euro-pean shoe industry time to invest in new technology, thereby improving its competi-tiveness.

Gatt hints at tougher trade in services rules

By William Dullforce in Geneva

THE secretarist of the General would have to devote resources Agreement on Tariffs and Trade warned yesterday that more liberalisation of banking Would have to devote resources to enhancing regulatory regimes and developing better systems of prudential supervi-sion, the secretariat said. The US and Japan, propo-nents of liberalising services, restardar acknowledged full and other financial services,

and other financial services, under negotiation in the Urn-guay Round, might have to be accompanied by stronger regu-latory systems. Gradual opening of financial services to foreign competition "may involve as much re-regu-lation as deregulation", the secretariat said in a paper pre-pared for the group negotiating services in the round. The group will this wast test yesterday acknowledged full application of Gatt's non-dis-criminatory principle could be difficult in specific banking

services in the round. The group will this week test the applicability to financial services, including insurance, of the principles which trade ministers decided last Decem-ber could be included in a framework accord liberalising trade in services. The secretariat suggested negotiators could decide to avoid regulations "more oner-

avoid regulations could decide to avoid regulations "more oner-ous than underlying concerns warrant", and avoid discrimi-bation, where alternative approaches were available. But it would not be easy to address these issues

address these issues, particu-larly as the trade ministers had recognised the legitimacy of rules intended to implement national monetary policies, maintain confidence in the financial system, and protect consumers' interests.

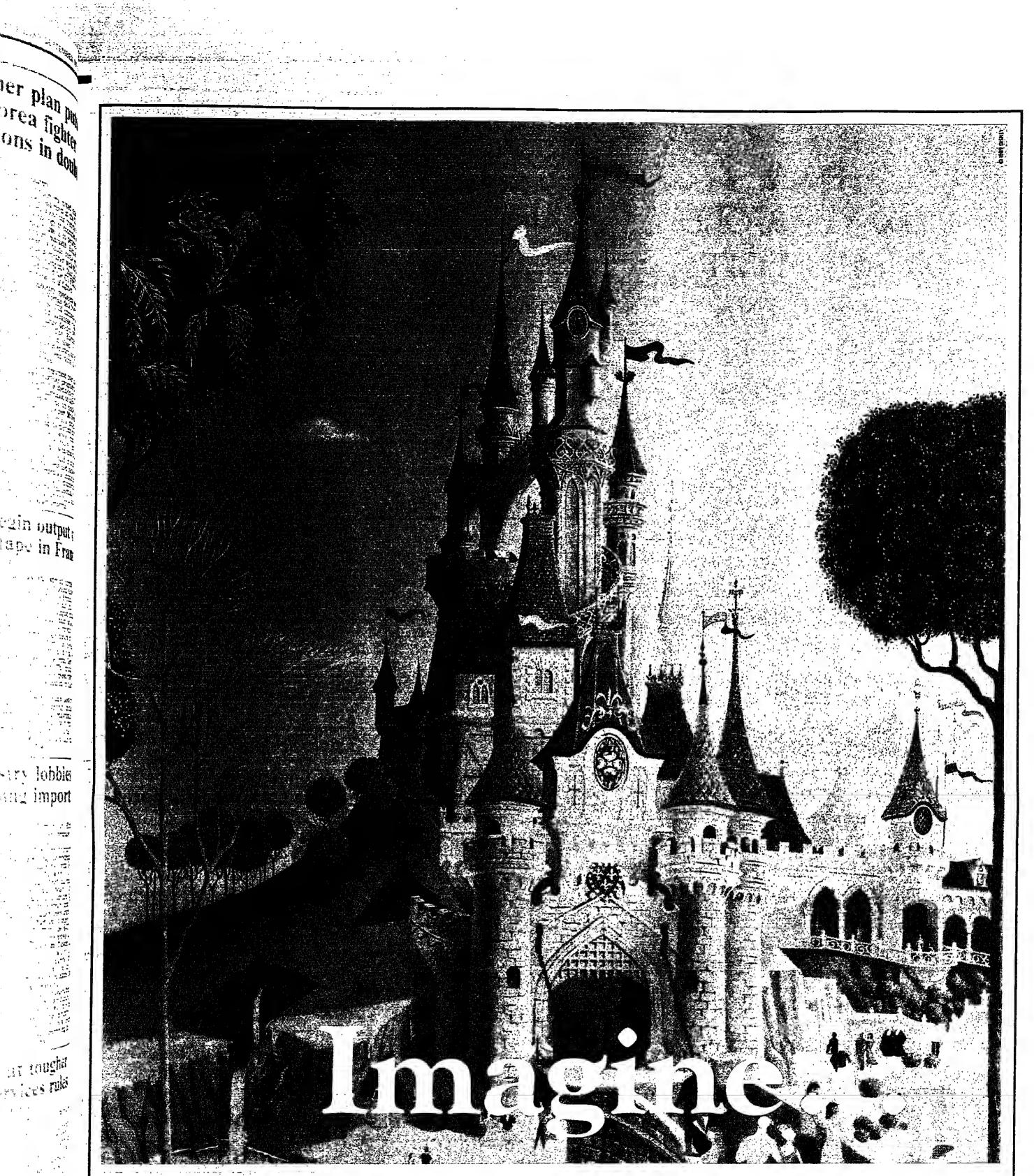
If a plan for progressive global liberalisation were

fields. But the EC stressed the importance of harmonising regulatory systems, to avoid imbalance of rights and obliga-tions between national bank-Washington watts rules to ensure the right of establish-ment for banks and companies in other countries. The secre-tariat notes it is often impera-tive for banking and securi-ties related service companies

to have a presence near its client base. Such establishment-linked trade cannot usually take place without cross border movement of personnel, it

Because of differences between national financial practices, a country may ask for reciprocity when granting entry to another country's banks or securities companies. This has been a issue between the US and EC. But Gatt says non-discrimination realised If a plan for progressive tion principle would precinde lobal liberalisation were reciprocity in the treatment of dopted, developing countries foreign-based banks. through its most-favoured-na-

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Budget repayment target of £14bn in the balance Government borrowing in August reaches £700m

UK NEWS

By Simon Holberton, Economics Staff

THE PROSPECT of the Treasury achieving a £14bn debt repayment this financial year appeared finely balanced yesterday after it released figures showing Government bor-

rowing of £700m in August. Last month's borrowing took the cumulative public sector borrowing requirement to a surplus of £700m in the first five months of the Govern-ment's April 1989 to March 1990 financial year. This com-pared with a PSBR surplus of £4.8bn in the first five months of 1988-89.

The comparison with last year is distorted by privatisa-tion. Excluding those effects, however, the cumulative sur-plus was still well behind a

year ago. In the first five months the surplus was £200m compared with £1.1bn this time

last year. Many analyst believe that Mr Nigel Lawson, the Chancel-lor of the Exchequer, will find it difficult to achieve a £14hn public sector debt repayment as forecast in last year's bud-get. They believe that revenue growth has been less robust than anticipated, while expenditure growth has been a little stronger than planned. Mr Lawson has already indi-

cated that the take up of per-sonal pensions will deprive the Exchequer of £2bn more than he estimated at the time of the budget. The Treasury said yes-terday that there would be a per cent this year.

its profile THE British insurance new PSBR forecast in the annual Autumn Statement of the government's spending plans, which is expected in

"all cards" rule. This allows a credit card issue to demand retailers take

THE British insulance industry must adopt a higher profile, Mr Joe Palmer, the Legal & General chief execu-tive who has taken over as chairman of the Association of Against the losses to reve-British Insurers, said after visnue has been the stronger than expected growth in employ-ment, which has the twin virthe of increasing tax receipts and lowering expenditure on unemployment henefits. Income growth has also been

British insurers, said after vis-iting the European Commis-sion last week. He said insur-ance companies had been too modest about their vital role as institutional investors. He accused the Government of being too complacent about the ownership of the industry. "Any government ought to have some concern about who owns its main fiduciaries. There shouldn't be one law for bankers and one law for insurstrong. In the five months to the end of August, total tax receipts were 5% per cent up on the same period in 1988 while sup-ply expenditures were 6% per cent higher. The Treasury expected total taxes to rise by 5 bankers and one law for insurance companies.

Ulster coal sales

COAL sales in Northern Ireland fell by 9.1 per cent last year, but the Province remains the best domestic market for the fuel in the UK.

Ambulance warning

LEADERS of 19,000 ambulance LEADERS of 19,000 ambulance staff predicted their overtime ban over a 6.5 per cent pay offer would this week have worsening effects on ambu-lance services with services significantly reduced.

Risks in actuaries

retailers arising from this rule," the Consortium said. This rule was at the centre of the retailers' dispute with APPOINTED actuarles of life companies risk having their role in management reduced from sophisticated financial Barclays Bank over its "Con-nect" debit card. Barciays, the second largest high street clearing bank, said retailers which did not take the debit card could not take its credit card either. advisers to high-level techni-cians, Mr Roger Corley, presi-dent of the Institute of Actu-arles and chief executive of Clerical Medical Group, said at an actuaries' conference yesterday.

Land Registry jobs

THE Land Registry is to open a new office in York, creating up to 400 new jobs within four

Oil rig safety

HEALTH and safety regula-However, small retailers which tions for the oil industry have to pay large percentage fees to the banks might offer a drawn up after the Piper Alpha disaster in which 167 people died came into force yesterday.

By Maggie Urry **RETAILERS** are urging the Government to go further in removing monopolies within the credit card industry than last month's Monopolies and Mergers Commission report

> The Retail Consortium, which represents 90 per cent of British retailers, says the MMC of the cartel at the heart of the industry, which is costing retailers £300m a year. The report found there was a monopoly among the credit

monopoly among the credit card issuers, which acted against the public interest. But it said competition had increased in the last two years and market forces could be expected to remove most

adverse effects. The consortium yesterday launched its lohhying campaign saying its reaction was one of "great disappointment" to the report. It expects to be supported by the National Consumer Council.

The Department of Trade and Industry had invited com-ments on the MMC report when it was published before it decided whether to enforce the

report's recommendations. Mr Robert Woodman, chair-man of the Consortium's payment systems policy commit-tee, said the retailers' cost of accepting credit cards, com-pared with debit cards, totals \$300m a year, equivalent to \$12 for each credit card in issue.

against credit card monopolies

Retailers urge tougher curbs

He said there was a better chance that competition between retailers would allow that sum to return to consumers than that competition

is passed on to the retailers. It says "the interchange fee is not determined in an open market by the free play of com-petitive forces". It should either be abolished or become

subject to free negotiation. The consortium also condemned the MMC for failing to discount for cash, he said. recommend the abolition of the

all the cards it issues, includ-ing debit cards. "The MMC has ignored the current injustice to

same effect. Mr Woodman argued that the report failed to deal with the "interchange fee" - a fee paid by the bank which has signed up a retailer to the bank issuer of a card.

This fee is normally 1 per cent of the value of the trans-action. The Consortium says it

between banks would have the

Retailers pay more for debit card than the cost of handling cheques. The retailers said they favoured the abolition of the "no discrimination" rule recommended by the MMC. This would enable retailers

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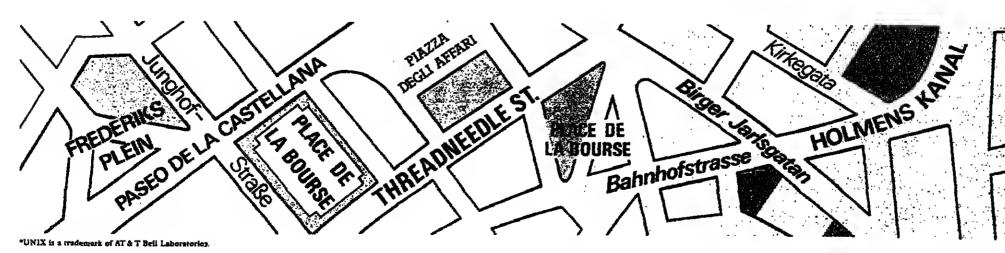
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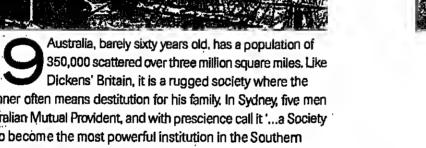
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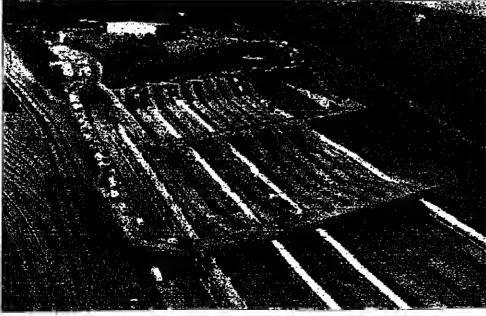
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UK NEWS

Leading Lloyd's insurer in line for top SE post

By Richard Waters in Venice

12

MR PETER RAWLINS, managing director of Sturge, a leading Lloyd's insurance firm, is expected to become the next chief executive of London's International Stock Exchange. Mr Rawlins, a 38-year-old accountant who has spent the last five years in the insurance industry, has little direct expe-rience of the stock market. However, he is understood to meet the requirement for a more commercially minded chief executive than the cur-rent incumbent. Mr Jeffrey Knight.

Mr Rawlins' name, though not widely known, is familiar in City of London regulatory circles. He acted as right-hand man to Mr Ian Hay Davison, the former chief executive at Lloyd's, who was responsible for the reform of the insurance market after the scandals of the early 1980s.

After returning briefly to a partnership at Arthur Ander-sen, the accountancy and consultancy firm where he had trained as an accountant, he was given one of the top jobs in the Lloyd's market at Sturge.

Mr Rawlins was described hy one leading City regulator yes-terday as a "modern man" ideally suited to the challenges tbat lie ahead for the

Exchange. A significant strength was said to be his understanding of technology. Too often important technology projects at the Exchange have been led by people who do not have suffi-However, one of those who has worked with him suggested that he would be cient experience, said the regu-

to work.

strongly attracted hy the

The arrival of a compara-

Mr Rawlins' appointment would come at a critical moment in the development of the Exchange's most important opportunity. He's a very ambitious and political man. He is very much attracted by the bright lights. He was in Footlights [a comedy technology project, its auto-mated settlement system, Tan-rus. This is dua to be implerevue club] at Cambridge - he likes to be in the limelight." mented by the end of next year, but bas yet to leave the

drawing board. Mr Rawlins' candidacy has been discussed privately by his supporters since last month, when it emerged that Mr Chris-topber Castleman, a former chief executive of Hill Samnel, was also in the running for the

influential City figure: "The barons should realise that the Exchange needs to move for-It is understood that the Exchange is now close to making an announcement. Headward if it is to survive." The appointment would be likely to win Mr Andrew Hugh bunters have been searching for the past two months for a replacement for Mr Knight, who has said he will stay until Smith, the Exchange's chair-man since last autumn, further the end of the year.

plaudits from leading securities firms. Among other things, they have applauded his deci-Mr Rawlins, who has already announced his intention of leaving Sturge, could not he sion to hive off clearing and reached yesterday. It was settlements into a separate suggested in some quarters commercial operation.

The Sun defends its pitch on the newspaper stands By Raymond Snoddy "Ours are great words," he said with conviction. He said his paper, which has 12m readers. came under attack for two reasons - it attack for two reasons - it

MR Kelvin MacKenzie, editor of The Sun, Britain's most widely criticised and widely read down-market tahloid newspaper, conceded yesterday the paper had been forced to start thinking about criticisms from non-readers and tightenthat he may think twice about taking the joh, given the diffi-cult political environment in which the chief executive has ing up its coverage after the film libel settlement with rock star Elton John.

We have got to think about what our non-readers say," said Mr MacKenzie, aven though he believes that most critics of The Sun's approach to newspapers simply do not understand the nature of popular journalism.

The Sun - owned by Mr Rupert Murdoch, the Australian entrepreneur who owns five national newspapers in the UK - has already submitted a robust defence of its position to the Government appointed Cal-cutt Committee now looking into the press and privacy. Mr McKenzie believes in self-con-

trol not state control. "You would be an absolute idiot to have the Elton John affair happen and yon not learn some lessons. We did learn lessons. Things have changed there is no doubt," said Mr McKanzie, giving a rare interview yesterday to the

media correspondents of Britain's five broadsheet national dailies in the board-room of News International, the Sun's headquarters in East London.

The editor has no intention of drastically changing his view of the world or the basic nature of the paper, which thrives on a diet of scandal and exposes on the lives of the famous.

"The only qualms we have is when we get it wrong. Then its

open season. "I see nothing wrong with what we do. I love the paper. I love the readers. I have a great

time producing the paper," he said. Then, with all the verve of a Sun editorial ha went

straight on the attack. Mr McKenzie, who took over was a power the Establishment the editorship of Britain's largcould not control and rivals est selling daily from Sir Larry Lamb in 1981, went on to accuse the broadsheet press of taking "the most uninteresting thing that had happened in Britain or the world" and put-ting it at the top of the front

were jezions of its success. Ha delivered a robust defence of The Sun's format defence of The Sun's format known for its punchy head-lines such as "Up Yours Gal-tierl" during the Falklands Conflict, before returning to his newsroom quoting the words of Sidney Carton in Dickens's At Tale of Two Cities: "It is a far better thing I do now." page, and writing stories that

were far too long. Stressing the need for good writing, be said newspapers needed "great words," if they were not to go out of business.

Restrictions imposed Rail union threatens fresh action

tively young newcomer with little direct experience of the industry would be likely to cause some consternation at By Jimmy Burns, Labour Staff

BRITISH Rail, the state-run the Exchange, which is domi-nated by a number of powerful "barons" who head the various railway, is again being threat-ened with industrial action on markets and divisions. However, according to ona its plans to change its collective bargaining machinery, one of the issues at the heart of this summer'a national rail strike.

Mr Neil Milligan, general secretary of train drivers' union Aslef warned yesterday that unless BR agrees to meaningful negotiations, his mem-bers will be balloted on "forms of industrial action".

Union officials of the National Union of Railwaymen and the white collar TSSA privately indicated that any talk

of imminent strike action was premature given that BR has agreed to extend its November deadline for terminating tha existing machinery by three months to January 31 1990.

They expressed unease, how-ever, that BR management was attempting to claw back a certain independence on pay more in line with its pre-strike objec-tive of turning the railway into a commercial business driven not so much by unions as by customer demand. BR said last night thet dis-cussions with the rail unions

were "continuing" after confirming that the issue of the

negotiating machinery had been the subject of an unpubli-cised exchange of documents in recent weeks. Mr Milligan'a was strongly critical of what BR's last night

was still insisting were "confi-dential proposals." According to Mr Milligan, According to Mr Milligan, one BR proposal made on Angust 4 suggests that sub-groups of new 'Functional Councils', representing staff according to skills, would be able to vary the standard work-ing week for BR staff and, by implication, have a greater influence in setting pay and conditions. not lifted. conditions.

on Guinness hearing By Robert Rice, Legal Correspondent ner of stockbrokers Cazenove THE judge who is to preside at

the trial next year of seven defendants on charges arising from the Guinness takeover of & Co. 4. Mr Saunders was arrested on May 6 1987. Sir Jack Lyona on October 8, Mr Ronson on Octo-Distillers – the Scots whisky group – began hearing legal argument today on pre-trial ber 13, Mr Seelig on October 15, Lord Spens on March 10 1988, Mr Parnes on March 24 and Mr issues raised in the case. Reporting restrictions cover-

Mayhew on April 7. All are on £500,000 bail. The hearing was adjourned until ing the preparatory hearing before Mr Justice Henry were today. Reporting restrictions in preparatory hearings in fraud trials are imposed automati-cally hy the 1987 Criminal Jusnot infed. Two of the defendants – Mr Ernest Saunders former chair-man and chief executive of Guinness - the UK hrew-

tice Act which was introduced hy the British Government to er - and Lord Spens, former simplify the investigation and managing director of merchant hankers Henry Anshach-er – were present in court for prosecution of fraud. Preparatory hearings can be ordered hy the trial judge where it appears to him that the hearing at the High Court in London.

there might be a substantial benefit to be gained by holding a hearing before a jury is sworn in to identify the mate-The other five, Mr Anthony Parnes, Mr Gerald Ronson, Sir Jack Lyons, Mr Roger Seelig and Mr David Mayhew were rial issues of the trial, assist the judge's management of the trial or speed up the proceed-ings before the jury. not present hnt were represented by counsel

Mr Saunders and his six co-accused have all pleaded not guilty to all the charges against them, which include allegations of theft, false accounting and conspiracy to defraud.

Mr Saunders faces 49 charges, Mr Seelig, the former Morgan Grenfell corporate finance director, 20, Mr Parnes, a former City stockbroker, 14, Sir Jack Lyons, the millionaire financier, 13, Mr Ronson, chair-man of the Heron Corporation, 11, Lord Spens, former director of corporate finance at the Henry Ansbacher merchant hank, 5, and Mr Mayhew, senior corporate finance part-

legal aid was granted to any or all of the accused. Ford widens workplace smoke ban

Automatic reporting restric-

tions are placed on such hear-ings to ensure nothing mate-rial to the case is reported which might seriously preju-

dice the outcome of the trial. Restrictions can only be lifted by court order on appli-

cation from the accused. In all other cases all that may be reported is basic facts of the case such as the names and addresses of the accused, the

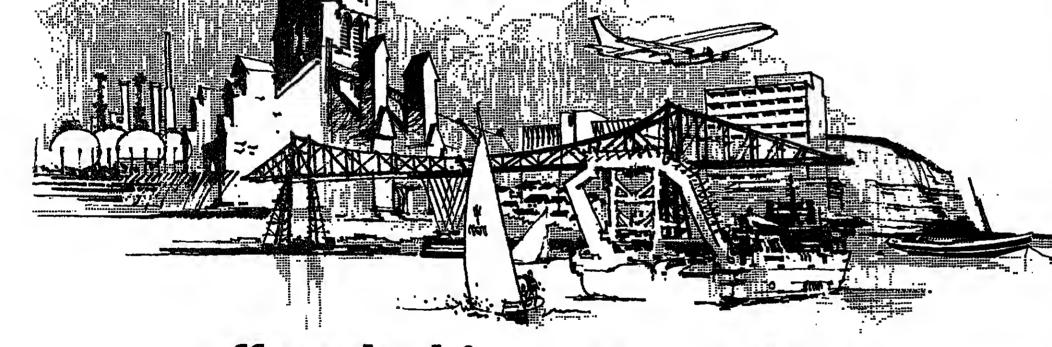
name of the court and the

judge, adjournment details,

bail arrangements and whether

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Hartlepoal – provisian af residential, leisure and business omenities and moritime-related enterprise of the new morino camplex. Teesside Park - specialist retail autlets at the old Stockton racecourse, now being developed together with the UK's largest leisure centre. Teesside opportunities - backed by Development Area grants and Enterprise Zane incentives. To find out more contact Duncan Hall, Chief Executive, Teesside Development Corporation, Tees House, Riverside Park, Middlesbrough, Cleveland TS2 1RE. Tel 0642 230636. FAX 0642 230843.



By Simon Holberton

Fresh call

for full UK

EMS entry

THE ONLY thing Britain would lose by fully participat-ing in the European Monetary System would be the right to a higher inflation rate than its European competitors, accord-ing to Mr Samuel Brittan and Professor Michael Artis in a pamphlet published today.

Both authors believe a fully functioning single market in goods and services needs a stable exchange rate environment and that is provided by the EMS. They warn of the devel-opment of a "two-speed Europe", and of declining Brit-ich infinence in Europe if the ish influence in Europe if the UK stays out of the EMS.

Mr Brittan, an assistant edi-tor of the Financial Times, believes that etcps towards economic and monetary union the writes that fiscal and regional issues are best solved by market forces, not by edict

from Brussels, Prof Artis, Professor of Eco-nomics at Manchester University, writes that Britain should enter tha EMS on the same terms as Spain and Italy. Both countries' currencies are per-mitted wider fluctuations than others in the EMS.

others in the EMS. He says nations have lost faith in the exchange rate as a tool of economic management. and do not see inflation as an alternative to unemployment. Europe Without Currency by Samuel Brittan and Michael Artis, The Social Market Foun-dation, 194 Regents Park Road, London NW1 8XP.

UK to step up educational co-operation with France

By David Thomas, Education Correspondent

THE UK Government is to step np educational co-operation with France following a meeting yesterday in London

between the education ministers of the two countries. Mr John MacGregor, the

Education Secretary, said he and Mr Lionel Jospin, his French counterpart had identified technical and vocational education as particularly suitable areas for further co-operation

Senior officials from the two countries will meet to finalise. ideas for further action, which are likely to include: • Encouraging British and French Schools to use new

technology to look at problems together, for instance using

electronic mail for joint design projects.

•Helping teachers in other than foreign languages to take part in exchange programmes. •Pupil exchanges to study

vocational subjects in the other country's language.

•Promoting headteacher meetings to discuss shared educational projects, and more exchanges of language teach-

The British Government has, however, allocated no extra resources to the co-operation initiative, but officials believe that most of the activities envisaged hy the two education ministers are relatively

By Charles Leadbeater Labour Editor

FORD, the car manufacturer is to extend dramatically its ban on smoking at the workplace in response to mounting concerns about the health bazards of passive smoking.

The company's newsletter to its 42,000 employees says that from this January employees will not be allowed to smoke in lifts, corridors, lavatories, conference rooms and rest rooms designated for nonsmokers. At least 50 per cent of canteen areas will be designated as non-smoking areas. However, Ford will not stop

smoking on the assembly line. Large factory areas are so well ventilated there was little risk to non-smokers from inhaling tobacco smoke in the work environment, Ford said.

Shop floor workers are already banned from smoking in sensitive areas which use chemicals or petrol products. Ford said the decision had

Ford said the decision had been taken in the light of mounting scientific evidence of the health risks of people exposed to tobacco smoke at work which had provoked ris-ing concern among staff. Ford's move reflects grow-ing interest among employers in banning or restricting

in banning or restricting smoking at work. Action on Smoking and Health, the lobby group said in it was receiving about 200 inquiries a month from employers interested in smoking policies, compared with 200 in 1987 as a whole

and none in 1985.

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FINANCIAL TIMES TUESDAY SEPTEMBER 19 1989

Move forward faster than your lines of

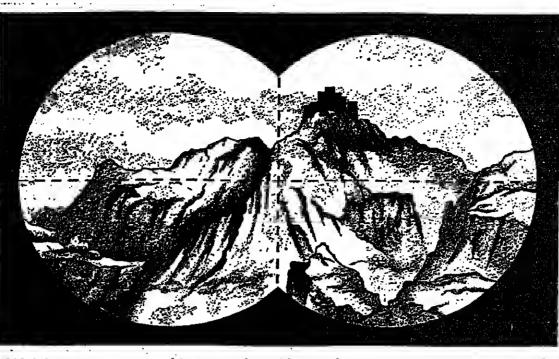
supply, and you'll soon face problems.

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which applies equally in business. And

perhaps above all to the supply of

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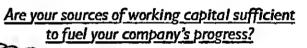
no other asset-based financing operates in quite the same way.

Our best guess is that the reasons are probably historical.

On the one hand, the banks have tended to assume that

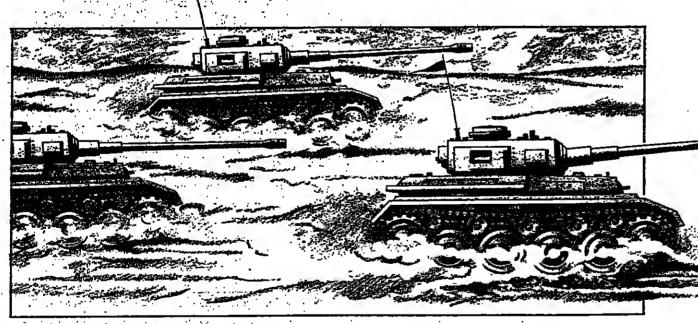
their business is primarily to

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charges. On the other hand, traditional

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C O M M E R C I A L FINANCE

for the second

By John Hunt,

BRITAIN's Environment Secretary was last night mak-ing a last-minute attempt to prevent the UK being taken to the European Court over fail-nre to comply with the Euro-pean Community directive on histoire mean multiv.

pear Community directive on drinking water quality. Mr Christopher Patten was talking in Brussels with Mr Ripa di Meana, the Commu-nity Environment Commis-dense in neurode him that

nity Environment commis-sioner, to persuade him that Britain has done everything possible to speed-up the pro-grammes of improvements

undertaken by the water com-

the Commission regards as

The problem centres on nitrates in water which envi-ronmentalists say can cause

stomach cancer and child deaths. The directive allows a maximum level of nitrates of

50 milligrams per litre and wants Britain to comply by

• A big operation began yesterday to clean np a five-

mile oil slick off north east Britain caused when the Phillips Oklahoma, a tanker

carrying 56,000 tonnes of crude oil, hit Maltese-regis-tered vessel Fiona, also carry-

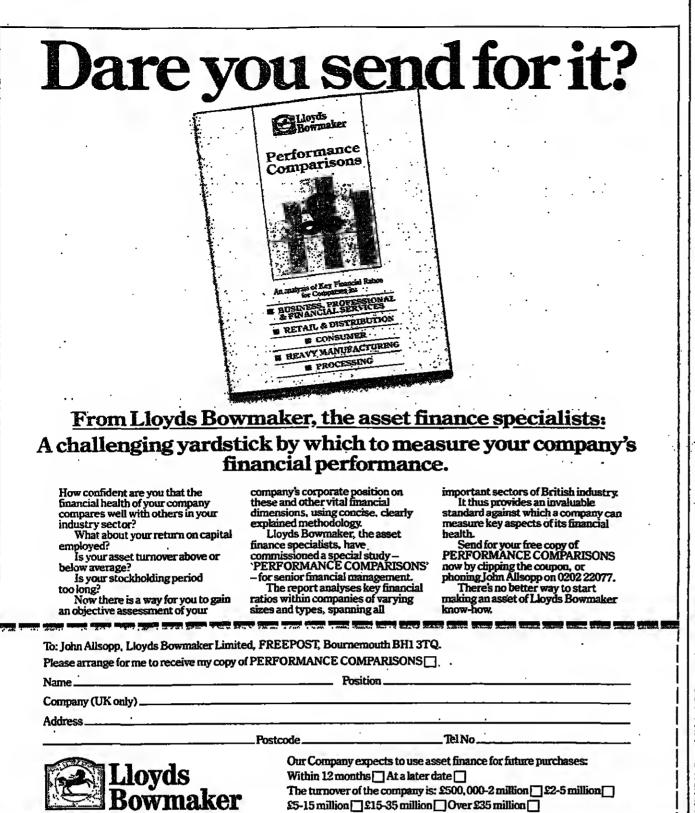
ing fuel oil. Fires broke out on

both vessels but nobody was

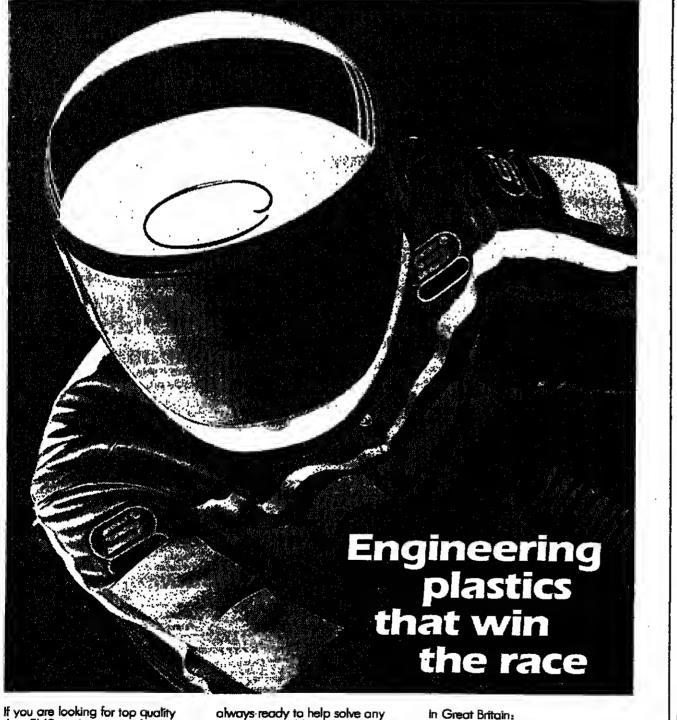
problem areas

1993 at the latest.

Environment Correspondent



MAKE AN ASSET OF OUR KNOW-HOW



UK NEWS

Patten tries Waste merchants come to prevent clean on PCB disposal **E**C action over water

Richard Donkin on treatment of harmful chemicals

Source: H M Impectorate of Pollution

OOKING at the clear glass jar with its seemingly innocuous contents, the colour and clarity of while wine and the consistency of gravy, it was difficult to understand what all the fuss-was about. "Electrical engi-neers used to usa it to get grease off their hands," said Mr John Thistlewood, National Operations Manager at Cleana-way, the largest UK, chemical

vaste merchant. The substance was PCB (poly-chlorinated byphenil), the disposal of which has perhaps done more than anything to change the face of the chemical waste industry. Although sci-entists are still uncertain of its toxic effects on humans they

toxic effects on humans they have sufficient data of carcinogenic effects on animals to insist that the greatest care is taken in its destruction. The destruction of PCBs is a Environmant, pointed to municipal incinerators as the small tiny proportion of that greatest source of dioxins chemical waste industry in the UK. Its elevation into the politreleased into the atmosphere from waste burning. One of the main worries abont PCB solids incinerators is the fear of spurious emis-sions or blowbacks when the material is loaded into the furical arena, however, alongside a growing environmental awareness worldwide has led the industry to embark on a multi-million pound reinvestment programme. have developed a head start in what was intended to be a four The controversy that stalks PCBs and dioxins, the gases that can be generated if PCBs are not properly incinerated, has proved the saviour of companies such as Rechem, which, since its management buy out from BET, the international services company for £1.6m in 1985, has successfully traded on its unique ability in the UK to dispose of solid PCB waste within Government guidelines. Waste producers that cannot afford to risk their reputations or possible court actions years into the future have been pre-pared to pay Rechem as much as £2,000 a tonne to get rid of their PCBs.

Rechem has been one of the darlings of the London stock market, reporting profits np 94.1 per cent to £8.75m in March. The recent controversy has done little to dint its share The company, with Cleana-

way, is well placed to compete in this increasingly profitable sector where public fears about chemical waste seem to have a direct impact on the prices that can be demanded for its disposal

SEMINARS

Gaining a Competitive Advantage 09:00 Wednesday 4th October 1989 at The Brewery, Chiswell Street, Londo sponsored by SUN MICROSYSTEMS

Hazardous waste disposal Land incineration 1.6% Sea disposal & incineration 7.0% Chemical treatment 7.5% in England & Land 51 83.9% Wales 1987/88

incineration in 1987-88, still a While public pressure groups appear to focus on the toxic waste treatment plants, a recent Department of the Envi-ronment report, Dioxins in the fraction of the 4.8m ionnes pro-duced in England and Wales during the same period.

in July. Britain was told that it had two months to meet the directive, with which it should have complied by 1985. The July deadline expires today and Commission offi-cials have warned that unless The greatest percentage of idantifiable special waste imports came from the Nether-Imports came from the retiref-lands, followed by West Ger-many, Belgium, Switzerland, heland and Denmark. The problems of disposal for countries like Ireland which moduces only small amounts cials have warned that unless it is met, Britain may be taken to the court. There are 30 water sources in Britain which

produces only small amounts of chemical wastes has led of chemical wastes has led some experts in the industry to argue against Mr Chris Pat-tern, the Environment Secre-tary's stance that each developed country should dispose of its own developed waste. But the trend towards land

or five horse race to build a new generation of incinerators. Both have planning permission for the construction of rotaryincineration, particularly since the North Sea Conference in November 1987 set a target kiln incineration plant which, arguably, should make the UK industry as good as that availdate of December 31 1994 for the phasing out of incineration at sea, seems unavoidable with able anywhere in the world. Ocean Environmental Man-agement and Leigh Interests, the arrival of even more effi-

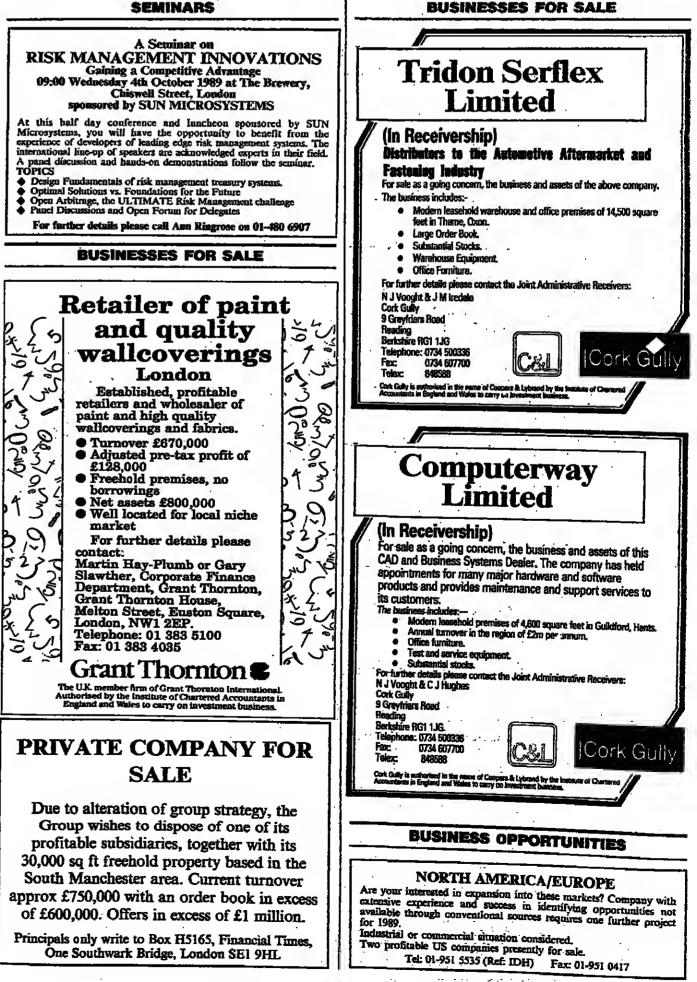
two other large players, are still beld at the starting post after refusals of planning per-missions for their own incinercient system Perhaps the darkest horse of all in the race for the 1990s market could prove to be the water industry which sees waste as one of its specialities. Northumbrian Water is planation plants at Teeside (Ocean) and Doncaster. Mr Peter Johnson, marketing

director of Ocean, said the company was diversifying. He believes pressure from Europe will lead co-disposal to landfill of chemical wastes with other wastes to gradually disappear. Denmark has stopped and the Netherlands and West Ger-

many are likely to follow. According to the first annual report of Her Majesty's Inspectorate of Pollution published earlier this year, some 80,000 tonnes of hazardous waste competition in what is promising to become an increasingly hotly contested marketplace. were imported for treatment or

hart. The opposition Laboar Party demanded an immediate Govning a joint project with Inter-national technology Corpora-tion, of the US, to build two integrated treatment plants ernment inquiry into the collision. Mr Tony Blair, the party's energy spokesman, said: "This is the second serious accident involving oil carriers with incinerators, at a cost of between £10m and £20m each on Tyneside and Teeside.The French water companies, in the last few weeks, the first leading to last month's disas-trons spillage off Merseyside." He called for a review of rales which are already moving into the domestic waste and street cleaning markets in the UK, may also be a source of future governing the carriage of oil. Experts calculated that as

the tide turned, the oil slick would be washed further out to sea and hegin breaking up.



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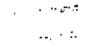
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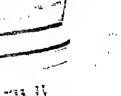
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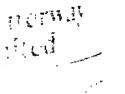
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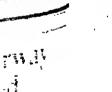


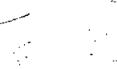


















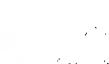
















Acceptance as a "personna grata" involves the presentation of credentials recognised far beyond the frontiers of the home country. An example of this is the BMW 3 Series. The objective of the concep-

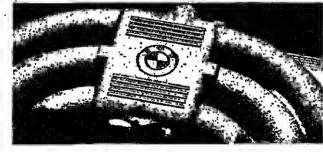
tual design was to equip compact, high-performance cars with the demanding technology of generously specified limousines.

This concept, with consistent development, has brought the 3 Series to a particularly high standard which has been widely recognised Models with a swept volume of 2.1 litres and above are automatically fitted with a silky smooth BMW 6-cylinder engine. internationally.

A standard which, in association with modern technology, really shows the way - with engines incor-

porating both the design principles of BMW 12-cylinder engines and the competition-proven 4-valve technology.

All the engines are controlled by the most modern electronics - by DME, the digital engine management system, in the case of BMW 3 Series models with petrol engines and by DDE, Digital Diesel Electronics, in the case of 3 Series models with diesel engines.



The 3 series also has a large number of optional safety features which are usually only found in larger vehicles manufactured to a more generous specification. These include the anti-locking brake system and

> the airbag which, if desired, can also be provided in the 316i.

The individual character of the BMW 3 Series demonstrates that genuine personality always involves more than one facet. There are, in fact, fourteen different

basic models in the 3 Series alone, which includes seven alternative engines with nicely arranged power intervals. And four different body types - cabriolet, touring, 2-door and 4-door.

The 3 Series thus exhibits great functional flexibity but the versions

have one ideal in common - driving pleasure. A personal driving experience which is convincing more and more Europeans.

For years they have been voting for the best in its class - the 3 Series.



15

The ultimate driving machine

TECHNOLOGY

Della Bradshaw explains how computerised modelling can benefit the small company A step nearer the design miracle

he scenario is all too familiar in most manufacturing companies Your competitor startles you by announcing a product which makes your range pale into insignificance. So a designer is summoned and told to do the impossible - come up with a product which has more bells ann whistles, costs less and can be in the shops before your rival gets a chance to corner the market.

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Crucial to this proposed mir-acle is the initial design phase. If it can be accelerated and produce more accurate specifications, there is a far better chance of bringing out that all-important widget quickly and cheaply. This is because decisions

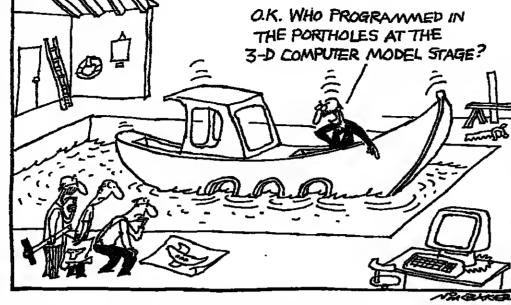
made in the first 5 per cent of the development process deter-mine 85 per cent of the cost of making a product, says Ronald Friedsam, chairman of the Structural Dynamics Research Corporation (SDRC), of Mil-ford, Chio. His company beloed pioneer the automation of that critical five per cent - by mod-elling new designs on a computer screen in three-dimensional form.

Previously only large corporations could afford such systems, but the increasing power and falling price of computer hardware mean that many smaller companies can use these software packages for 3-D, or solid, modelling.

The technique enables designers to construct the whole product by "drawing" the various parts on the computer screen - resplendent with curves, twists, knobs and bumps. The designer can rotate the model to look at it from every angle and instruct the computer to fit parts together, to make sure they match before the manufacturing line is geared up.

Technopbone, the hand-held cellular phone manufacturer. of Camberley, was quick to spot the benefits of automating the design process. The first phone developed by the fastgrowing young company was designed for the UK and then adapted for overseas markets.

Redesigning the phone to comply with Scandinavian specifications involved chang-ing several of its tightly packed components. But the designers had to make sure the whole thing still fitted into the compact case.



"Mechanically we wanted to prove that a case top would fit properly before we went to tooling," says Laban Dearden, design services manager. "The concern was the different height of the components across the (printed circuit) boards.

Technophone nsed solid modelling software to instruct the computer to fit the pieces togetber. "You can sbut the phone up on the screen just as if you are closing it on the production line," says Dearden. "If the components are too high, the computer tells you."

Until recently the software to carry out that task would have taken the power of half a mainframe computer. Now 3-D modelling can be done on a workstation, made by compa-nies such as Sun Microsystems, Apollo, Hewlett-Packard or Digital Equipment, with a total hardware and software package costing as little as £16,000. Today's workstations give between three and seven Mips (millions of instructions per second) of computer power. Depending on the application, 3-D modelling takes up between three and 10 times as much computer power as its 2-D counterpart, estimates Tilman Schad, general manager of Hewlett-Packard's mechanical design division in West Germany. Not only must the

lines be drawn in an extra

ing a start for an a strate of printing the strategy and the strategy of the s

dimension, involving compli-cated relationships, but also the computer needs to know whether to show a line, or hide it. When designing a car, a view from underneath would show the four wheels, but if the model were rotated to give a side view, only two would be visible

Some manufacturers have taken to 3-D modelling because it reduces the number of prototypes. Car makers, for exam-ple, would traditionally build up to 20 of them.

Cutting the number of prototypes was one motive behind the decision of Pedrick Yacht Designs, of Newport, Rhode Island, to go for 3-D modelling. The five-person company is designing a 23 m yacht for the next America's Cup race series using solid modelling software from Parametric Technology of Massachusetts, (In the UK, Ferranti Infographics sells a sys-tem developed with Parametric Technology.)

Parametric has developed its software so that designers can draw the product by describing the relationship between the different lines and then filling in the dimensions later - most software packages rely on the designers putting in the figures as they go along. According to Parametric, defining the shape rather than the size is the way most designers create their

"Before we used computers, we had to resort to a greater degree of scale-model produc-tion, say David Pedrick. "We had to draw a shape and then send out to have a model made. Then we had to put it into a towing tank and predict the speed of the yacht. About 75 per cent of that is now done by computer."

> He points out, however, that the 3-D system is not a creative beast. "The concept of the yacht is something the designer produces intuitively. But the software enables us to develop the ideas and visualise them. The computer can help identify the trouble spots, but then the designer has to make the decision on what to do about it." For this reason, many of the software companies making

these products are beavering away at incorporating expert systems. These would enable the computer to decide that, say, if factor A and factor B were true, then a certain line of action should be taken.

Meanwhile, just identifying the problems is enough for some companies. In Buxton, Derbyshire, Otter Controls, a company which specialises in electric thermostats and cutout devices for car motors, washing machines and electric kettles, has used solid modelling to help it reduce the amount of plastic wasted during manufacture. Because the model showed both the all-round view and a cross-section of the thermostat on screen, the designers could work out the best way to trim the material and at the same time devise the optimum shape. Minute though the savings are on each thermostat, when you are producing im a week, the slivers saved

soon add up. However, some things remain hard to model on screen. Convoluted combinations of curves have proved difficult to represent, and round-ing off sharp edges of plastic technique called blending -

is also tricky. Some of the advantages of using these systems are intan-gible in that they affect an organisation's culture. "Companies will really benefit if they can get their design and manufacturing departments to work together," says Ian Braid of Three-Space, a solid model-

ling development company in Cambridge. The gap between design

and manufacturing is enormous in many companies and the source of many problems. They often have different com-puter systems, and frequently the data produced in the design department has to be re-inputted into the manufac-

turing computer. Braid believes that the best implementations of 3-D model ling are where it has catalysed

the pooling of ideas - bringing together people in charge of areas as diverse as materials and marketing, as well as design and manufacture. Although in the past compa-nies that have relied on 3-D modelling have tended to make large and greasy objects, this is changing. Any complex mechanical object can be designed in this way. US toy manufacturer Fisher-

Price, for example, turned to 3-D modelling to help it design products for that most fickle of consumer markets, the under los. Among the system's off-spring is the popular Bubble Mower, which blows out bub-bles as the tot pushes it over

the grass. An article on the use of 3-D modelling to produce the B-2 stealth bomber appeared on this page on Sept 15.

Polymer key to gossamer battery

MANY items of portable technology - the portable computer or the mobile phon - are only as effective as the battery that powers them. For this reason, battery turers around the world are beavering away to develop power sources which are small, light and

which are small, light and last a very long time. The good news is that a material, developed by Moltech, of the US, could eventually lead to such a paragon. It is a solid polymer which, applied as a thin film, would replace the electrolyte — the liquid which leads out

of badly sealed batteries. The electrolyte snables oxygen to move from the cathode to the anode in the battery, so producing the electric current, which is given off by the anode as it oxidises. The electrolyte Reell, and the heavy packaging needed to encase it securely, form much of the weight of ordinary lead acid batteries and inhibit attempts

to pack in more power. Although a few such polymers have already been developed, they usually work only at relatively high temperatures. Mottech has cracked the problem of making one which works at room temperature. The material could be used in anything from consumer batteries to large standby nower units.

The bad news is that models using the polymer will not be available until the 1990s.

Sensing the end of 'up periscope'

THE NEXT generation of nuclear submarines is unlikely to be fitted with the sub's most famous characteristic — the

periscope, writes Lynton McLain. instead the vessels will be equipped with opto electronic observation and sensing equipment. Sensors housed in a pod at the top of a short mast are remotely controlled

from below. However, the control room will no longer need to be placed directly below the conning tower or fin of the modern submarine - where iraditional periscopes are fitted — giving the submarine designers greater scope for making the hull and fin hydrodynamic.

Nor will the equipment need to penetrate the pressure hull of the vessel, as happens with a conventional 45 ft periscope.

Pilkington Optronics, of Chwyd, has just completed a tessibility study of such a sensing device for the Royal Navy's proposed \$\$N20 nuclear submarines, for service in the 1990s. It is working with Logica, the London software company, and Mactaggart Scott, the Ediaburgh-based mechani engineers.

Piikington has proposed Integrating all sensors into a single optical alectronic device, which would include thermal imaging, high-definition tel white and the submarine's satellite-based global positioning and navigation system.

Quick copy on film.

HAVE you ever been to # meeting and wanted to copy the information on slides of flipcharts, but not had the time to write it all down? The answer could be the cancopier, a hybrid of two technologies, the photocopie and the cancorder. Developed by Chinon Industries in Japan, it is abo the size of a portable typewriter and produces A4. copies on coated faceimile paper in 30 seconds, for about 3p each. The subject to be copied is lined up in the camera viewlinder and the button pressed. The camcopier produces three types of copy - black on white, white on black or half-tones. ECB (Electronic Copierboard), of Twickenham,

Lifting the factory fumes

is selling the camcorder in '

the UK for £795.

A CATALYTIC converter, foruse with gas-powered forklift trucks, could provide a cleaner working environment in warehouses and factories. The converter, developed by the UK operation of Engelhard, of the US, removes up to 95 per cent of the noxious fumes, including nitrogen oxides. Previous converters for use with light propane gas-powered vehicles reduced the carbon monoxide

and hydrocarbons, but were



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FINANCIAL TIMES TUESDAY SEPTEMBER 19 1989

WORTH WATCHING

Edited by Della Bradshaw

ineffective against oxides of attrogen.

and has taken a leaf out of the book of the trakers of cathyets for petrol-drives engines and combined plathium and modium in the new converter, the TWX. The precious metal catalyst

is supported by a ceramic honeycomb encepsulated in a tough stainless steel shell. It can be fitted to vehicles in the factory.

A warm interest in straw

ONE OF the less glamorous products of the harvest is straw, traditionally used as animal bedding.

However, one landowner new tound a novel use for it. James Holt, of the 3,500-acre Ravenswick estate, in North Yorkshire, is forming straw to provide heating and hot woler.

The computer-controlled heating system, designed by Fulcrum Engineering, of London, uses a boller from Farm 2000, of Redditch, which can also burn wood or waste material. The boller can handle two bales of straw of up to 5 ft in diameter, at a time.

The burning straw heats a tank of water, which provides domestic heating and even warms up an outdoor swimming pool. The electronic energy management system keeps a watchful eye on the boller and heats different parts of the house to different

One field of straw should keep the Holt household snug until next year.

CONTACTS: Moltech: US, 516 282 4490, Philippion: UK, D745 58300, Chinon; Japan, 208 72 5800, ECB: London 744 2121, Engel-hand: London 643 8080, Fulcrum: London, 837

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ARTS

Richard Santhiri and Yasmin Sidwa

Danton's Death SNAW THEATRE

"Où sont les neiges, Danton?" cannot possibly be a new line, bui it sure isn't Büchner's. Billed as an adaptation, Jatin-der Verma's production for Tara Arts takes the skim off the play and proposes a new environment entirely: a re-enactment of scenes from the French Revolution performed by a group of Indian strolling players in London's East India

Dock. These are new immigrants and slaves - former ayahs, lascars, servants - mindful that the present Prime Minister, Pitt, is the grandson of the Pitt who ransacked their homeland. A satanic poet in England, the champion of doubt, is a blood brother of Danton, Robespierre is the absolute revolutionary, the hard-line fundamentalist who takes exception to soft talk and sensuality, despatching his "Iago," Saint-Just, to bring the political blasphemer to rough and peremptory justice. The actors explain the birth of theatre, in India, as an intended diversion sabotaged by the instinctive tendency to satirise the commissioning gods.

Somewhere in this lightweight farrago, a battery of

upstage white-turbanned figure of V Chandran. The connections with the

The connections with the source play become increasingly gratuitous, complexity and poetry replaced by tub-thumping intellectual parallelling, although we return to the death cell for the fareweils of Danton and Desmoulins and a puzzling, less than razor sharp scene at the guillotine. The show ends up on its bottom between up on its bottom between various stalls of Büchner,

historical dislocation to late 18th century London, a message abont Salman Rushdie, the *Marat/Sade* idea of serfs and inmates goosing the audience with hot metaphor, a response to Timberlake Wertenbaker's Our Country's Good. Gaia Shaw's promising design of a white canvas tent and playing area hung with dockside ropes and pulleys is transformed to Cleopatra's death throne,

where she says farewell not to Antony but to Danton. That lost me, but everything else suggested that if only Jatinder Verma can somehow translate and expand his undoubted talent as a stubboraly articulate analyst of the absorption by the West of Asian and African cultures tion of the work with spoken dialogue. Here, the original (he has argued convincingly that the "not-Europe" of other continents exists today in the language is easayed (capably so, on the whole, with surtities and, far more helpful, a stiffmidst of Europe itself) into coherent theatrical language ening of two French natives to then something very special will take place. That possibility spor the audience along), and a version pruned of several slone makes Tara a significant company, and the ambition behind this Danton is later accretions shows even more clearly how naturally well suited Gound was to the less ponderous forms of lyric tantalising After the Shaw (notii theatre. It's not yet possible to recon-struct an Ur-Foust, and won't be until the Gounod heirs September 30), the company departs on a tour taking in dates at Bradford, Worcester Newcastle, Darington, Bolton, Weiverbampton, Shrewsbury and Derby. The sponsors are Litbospbara Printing release the manuscript. The general move away from Grand Opera aggrandisement has already brought about the work's rejuvenation, and this Co-operative. production marks a happy stage in the process. Michael Coveney.



For the Whitechapel Open (the Whitechapel Gallery E1, The Open Exhibition, that is to say the until October 29: sponsored by Unilever) the limitations are not of age but of location. All exhibition chosen by jury from a free submission, is so patenily wellartisis, amateur and profes-sional alike, are eligible who live or work in the City or the meant that it seems churlish to question it. What can be wrong, after all, in an exercise boroughs of the East End, north and south of the river. The tradition of this local show entered into freely by the art-ists themseives, that affords the successful the chance to put their work before the pub-lic in the company of the peers? It would indeed be goes back more than 50 years, but, within the last 20, the remarkable colonisation by artcharlish, and yet, and yet... The coincideoce of two exhibitions, both of them fixtures of the art calendar, brings doubis to the surface ists of the redundant factories and workshops of the East End, has drastically changed Its constituency. It is commonly said that the now, which is rather bad luck

East End enjoys the highest concentration of sol-disant pro-fessional artists in the world, and it may well be so. The bald fact is that some 1200 of them on both of them, for each is perfectly nuaxceptionable within in its own terms. The Annual Exhibition of The Annual Exhibition of the Royal Over-Seas League (Over-Seas House, Park Place, St James's SW1, until Septem-ber 23: sponsored by Cham-pagne Pommery, British Air-ways and others) is confined to British and Commonwealth artists under the age of 35. In this its fifth year, 515 entries have been whitled down to 34 which, at a strike rate of 1: 15, is rather worse odds than the sent in their work, of which 151 were successful (1: 8). The result again is a lively miscel-lany, this time of sculpture, lany, this time of sculpture, prints and pots as well as painting, that reflects the gen-erality of current preoccupa-tion. As at the ROSL, there is much that is interesting and some things that are positively covetable. The prices in gen-eral are more than reasonable. So far, so good, and yet that niggle of churlish doubt is still there. What is it quite that these exhibitions, and others like them, are trying to do? And is it worth doing? That word, "unexceptionable," offers a clue, for it is, perhaps, the very safeness and predictabil-ity of these exhibitions, and is rather worse odds than the RA Summer Show (usually about 1: 10), but much better than the John Moores (about 1: 38). The result is the customary lively miscellany of, for the most part, figurative work, and a fair reflection of the symbolist and expressionist influences at work upon the immediate post-art-school generation.

the very lack of anything to which we might take the least exception, that is paradoxically their most disappointing feature.

At Whitechapel in particular, with so many established artists to hand, the lack of major works, or anything genuinely surprising or even mildly controversial, is itself the big surprise. Perhaps those artists did not

send in, and all open exhibi-tions can only be the creatures of their submission. Perhaps precedence was given to the younger artists or the less well known. Perhaps the decision

known. Pernaps the decision was taken to cover as broad a spectrum as possible. The practice of open submis-sion is not itself the problem, though one could well tinker away with it in detail. Fewer artists might be chosen, for example, and then invited to supplement their catry. And there might be fower such there might be fewer such encouragements reserved to

enconragements reserved to the young, who have enough going for them as it is. But the essectial plea is for something more positive: for a show with some form and purpose. That said, these shows remain models of their miscel-ianeous kind, full of good and interesting things. The brief run of a bare 10 days is hardly enough to do the ROSL justice, but there I was particularly taken by Brian Sayers' dark still-life drawing of a bell and a key, by Stacey Bilhups' prizekey, by Stacey Billups' prize-winning painting of a much



"Interior With Curtains" by Robin Mason, winner of the first prize of £2,750 at the Royal Over-Seas League exhibition

simpler drum-like form, lumi-nous in a shallow space, and by Siani Rhys-James's sinister estic crisis. The influence of Paula Rego is everywhere. At Whitechopel, Mary MacLoan, only lately out of the Royal College, Shanti Panchal

and Edward Chell are quietly impressive and so too, of the more senior artists, are Frank Bowling, Marc Vaux and Ron Haselden. A portrait by Humphrey Ocean, Andrew Siabl's eccentrically monumental megician,

Stephen Nelson's small hook-like reliefs, the pots of Lucy Howard and Keiko Nakamuta - all, and so much else beside, are admirable. Adam Reynolds' sculpture of a lead balloop is at once obvious and delightful.

Opera Northern Ireland Boys Mean Business

the elimactic turmoils give way to long-term, rather soft, resolutions. The play, written with great Even so, you want to know

what happens to these people, who form a close-knit underwho form a close-mit inder-class in the enterprise culture, tomorrow's gulls, homeless, victims and pimps. A funds-mental complaint might be that Miss Johnson, her exple-tives notwithstanding, aspires to the palatable, cosy joviality of a TV series like Only Fools And Horse rather than in the And Horses rather than to the genuine Jonsonian model.

Reece Dinsdale is dourly disaster-prone as the shiftily deceitfal Gary. But the knock-out performance is Paul Brigh-twell's as Will, a West Country roaring boy with a sure finger on the self-destruct button. The cleverly stmospheric design is by Michael Taylor, the delecta-bly wafted babble of beach announcers and disc jockeys organised by Colin Brown.

Michael Coveney

was given his due: Michael

Catherine Johnson's new play, her second, is set on the beach at Weston-super-Mare, at a curved indent on the senside promenade. The beer cana, cig-arette stubs and general filth. such a feature of our holiday resorts and inner cities, are mostly the work of a throw-back punk, Will, who sleeps in his brother's photograph booth and emerges for a day's work in a pink furry animal costume

Will drums up trade while brother Gary takes the snaps. These two, and Gary's wife, Natalie (Adie Allen), formed a 1970s band that once played in support of Slouxsie and the Banshees and the Boom Town Rats. Bob Geldof has moved on to save the world and mix with royalty, while Gary, who has just come out of the Army, and Natalic, pregnant for the sec-ond time, are merely strug-gling to make ends meet; Will has simply stayed where he Was.

assurance and a penetrating wit, evolves around the arrival wit, evolves around the arrival that day of the unseen Radio One Road Show in Weston, and Will's attempt to revive old glory by launching his new solo group, Boys Mean Busi-ness, in the live malent contest. Simultaneously, Gary's fate is drawing to a head on two counts: his affair with the poutingly lubricious schoolgiri. baby-sitter, Dawn (Melissa Wil-son) and his petty criminal son) and his petty criminal involvement with a skinhead stooge, Elvis (Richard Graham), who is paying Gary £300 to stash in his wooden but a

Brian Stirner's enjoyable

Reece Dinsdale is dourly

Celebrating Sondheim

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GRAND OPERA HOUSE, BELFAST

The annual short seeson - two produc-tions and a total of seven performances only - this year offers Faust and Don Giovanni. Both works have already been given here in recent times (the number and type of Northern Ireland opera-devotees don't yet encourage much venturing off the beaten path in the matter of repertory). The results show that in

opera there are no roles, and no certain prophecies. Faust is done with freshness, energy, and intelligence - the choice of text is interesting (compris-ing a strong-minded attempt to get ever closer toward an unadulterated version of Gounod's opera-comique), the crisply economical production style no less so. Dan Giovanni,

alas, is a thudder. For Faust the conductor (Stephen Barlow) and pro-ducer (Bliss Hebert) have evidently agreed on matching ideas of style and content, since the musical performance has a weight and character that expertly chimes with the dramatic. Already at the Coli-seum we have delighted in Edmund Tracey's reconstruc-

Mr Hebert, a veteran Ameriand Therese Feighan (Dame can producer, a veteran Ameri-can producer, and the experi-enced designer Allen Charles Klein have set the opera as a medieval folk-theatre play-within-a-play – the chorus sit ranked in wooden stalls, Marthe) have worked hard at the language, and shape their lines with warm, beantiful tone. Stephen Smith from the US and Joanne Kolomyjec from Canada are Faust and Mauritan Nother of them scene-changes are minimal, and props are neatly added and subtracted. This kind of production usually sounds the Marguerite: neither of them smooth or graceful enough in floating words upon notes (Mr Smith's earlier incarnation as death-knell for any opera, but a baritone is still occasionally not here: the stage space and the intimacy of the Matcham theatre are in perfect accord, the dramatic and musical inadequacies of the chorus are glimpsed), both attractive, responsible artists.

Mr Barlow, conducting the Uister Orchestra, is at his best: the pace is expertly gauged, disguised (the removal of the Soldiers' Chorus, a later addi-tion, works to the same end), and best of all, the show moved along on Saturday with no stumbles or heavy there is much savouring of Gounod's pointful orchestra-tion, and much supple phras-ing. The contrast between the "go" of Saturday's Faust and the punctured-balloon impact of the previous evening's Giop-anni (also played by the Ulster The sparkle and clarity of thought in the production find their focal point in Frédéric Vassar's Mephistopheles, a boulepardier portrayal crack-ling with snave Gallic wit. The Orchestra) was cruel and unavoidable. Kenneth Monto-

gomery, the company's artistic director, is an experienced Mozartian who seems to be scarlet feathers and tights are flashed with a spiendid sense of pantomime absurdity (to hear a French singer tossing currently favouring a dainty view of the score, Viennese in the cliché sense of pastel ides and sugary sentiments. The shortage of forward momentum in Act 2 was famoff spoken dialogue with easy polish is always a special delight), but the limits of ine-like. Altogether, the m this performance should be passed over as specifily as possible; in this cootext, catsioguing inrptitudes of staging and design counts as a blood sport. On a previous visit to Opera Northern Ireland, three years ago, I much admired the Ariadac aut Naros of the young Irish producer Seamns McGrenera: Mozart finds him all at sea, and a not nosppealing cast (inciding Nicolas Riveng in (inclosing Arcoas Arveng in the title role, Kim Begley as Ottavio, Deborah Rees as Zerlina, and the promisiog Irish soprano Rions Bradley as Elvira) is left to sink or swim as best they may. Max Loppert | would expect to find in a con-September 15-21 and sume by Margaret Price, Thomas Hampson and Horst Nitsche Rigokto, conducted by Leopoid Haper, has a cost includ-ing Patirila Pace, Walfraud Win-sauer and Hans Christion, Mus-sargsky's Chowarschischisa is conducted by Claudia Abado and sung by Ludmila Schemis-chuk, Heinz Zednik and Joanna Berowska.

BUSH THEATRE

ideas is piled up and crying to be heard. But they freeze in performance. I missed Tara's acclaimed transposition of The Government Inspector to the post-Independence Punjab, but this Danton is a crushing disappointment from a company in husiness for 12 years. The physical movement is a crude and basic mix of traditional Indian and commedia dell'arte, and the third person continuing narrative concept too redo-lent of early Shared Experience, without the joy or panache. Of the six performers, in painted white half-masks, I warmed most to Shelly King as Robespictre and M Muraly as Danton. The percussion and wind accompaniment is expertly provided by the exotic

comic relish are exactly judged, and never breached. Mr Vassar appreciates the ele-gance of his neusic; his baritone has no great depth of tone or range of colour, yet since his style is fastidious, keenly nnanced and legatotaut, Gounod gains infinitely more than when hald into by beavyweight "international" 1.4.5.6

This is a collector's item worth crossing any number of seas to catch. The rest of the cast, not on this level, respond to the vivacity of the staging with admirable determination. The young French barilone Didier Henry sings a hand-some Valentin (thoogh he barks overmuch in the death scene); Kale McCarney (Siebel)

Berowska.

Brussels

TUEST

Berlin

Théâtre Royal de la Monsale.

The Monnair Opera conducted by Sylvain Cambrellux in Venil's

ARTS GUIDE

OPERA AND BALLET

Royal Opera, Covent Garden. The seasor opens with Regoletto,

in the undernated Nuria Espert production first shown last year. The cast includes Ingvar Wizell, Loonting Voduya and Jerry Hod

lev, and the conductor is Sian Edwards. English National Opera, Coli-seum. The first new production of the ENO season is A Maxicol

Ball, by the team (producer David Alden, designer David Fielding, conductor Mark Elder)

exhine control and Entry responsible for the company's controversial Simon Boccanegra, Arthur Davies, Janice Cairns, Jonathan Summers and Linda Funite take the leading roles. Further performances of the uncompti sume performances of the

unevenly song revivals which opened the season - The Magir

opened the season - The Mapic Flute, conducted by Lothar Zagrosek, with Thomas Randle, Cathryn Pope, Alan Opie and John Connell: and Katya Kaba nora, conducted by Albert Rusen, with Kathryn Harries, Pauline Tirasley, Edmund Barham, and Tirasley, Edmund Barham, and

New York City Ballet opens the

Zith Paris International Damor-Festival with a George Balan-

chine gala evening on Tuesday, continues with a Balanchine and

London

Bonn The new Aida production, by Juques Karpo brings Rosalind-Piowright, Livia Hudai, Lando Hartalini together and is experily conducted by Bonn's music direc-tar Dennis Russell Davies.

celebration of the art of the "arranger."

At the opening Ned Sherrin, the amiabio compere (some good Sky TV jokes, and one

about Trevor Nunn that I

didn't quito undorstand)

proudly introduced the 64-strong BBC Radio Orchestra.

Now 64 is not the number one

Frankfurt

Britten's Ein Sammernachts-traum in respectable with singer Juchen Kowalski, Audray Michsel, David Bentsont, Vladimir deKanel, Gyornsyi Benza repesta her much praised performance as Mitti to La Boheme.

Faktaji Jose Van Dera in the lead with Laurence Dalo as Fer-ton, Upp Benefili as Dr Cajas, Elaberto Sanytka as Nanostia and Lavia Fudat as Manostia Stagod by Uvis Pasquai (Sun, Cologne

The rarely played one act operas hy Rotsini La Cambile di Matri-menio II Signor Bruschino, fea-ture David Kuchler, John dei Carlo, Treres Ringitoli, Janice Hall and Alberto Kinsidi.

New York

New York City Opera. The mixed reperfury requires this week with the Zauberfläte conducted by Scott Bergerson in Lofti Manneart's production with Elizabeth Hynes and Walter MarNeil; R Burbare di Singila is conducted by Sergan Commissiona as well a: Mehstofice, Lancoln Centre, New York State (877 4700).

Washington

Ennosuke's Kabuki. Traditional kabuki combined with modern ter hungues is the buildmark of the storngrany, now led by the descriptant of its original founder Emis Sept 21. Krunedy Centre Opera House (254 3770).

ESTIVAL HALL Writing about Sondheim on

ventional theatre pit, nor would the sort of singer capa-ble of delivering a Sondheim this page is fraught with dan-ger. "demons," in the shape of Coveney and Hoyic, "are prowiing everywhere." Lucksong with point and wit expect to have to compete with four horns, four trumpets and for ali I know 76 trombones in ily, or not as the case may be, the problem scarcely arises in the context of Sunday even-ing's concert at the Royal Fesaddition to a healthy comple-ment of singing strings. The arrangements needed to tival Hail, which was rather a

give this outsize band some-thing to do took the music light years away from the very special spare and astringent tunto that Sondheim and his regular collaborators devise between them; that for "Not while I'm around" was peculiarly vile, and in general the seven soloists had to compete with a vulgar, generalised and all-purpose big-band sound. Only the numbers from Susday in the Park soith George were relatively unscalbed. As for the sween solutis, it all bolled down to whather or not they know how to use a

loo few when the composer

HY. This Royal Exchange produc-

tion, directed by Artistic Direc-tor Braham Murray, will play

in the Palace Theatre for five weeks from March 17, after

The decision to present The

more than the Royal Eachange.

and Jonathan Hackell. The

was given his dne. Michael Ball, too, has real star quality at well as a singing voice and impeccable microphone tochnique, and he used all three to fine effect in "Too many mornings" without, alas, Miss Ashe. Suppose Hill, tho third soloist with a voice and a factor for movie movie feeling for words, proved thoroughly worthy of the Sunday extracts ("Finishing the hat" brought off with great distinction) but was sadly defeated by massed brass in Giants in the sky" from Into the Woods; all the same, he sounds like a real Soudheim

Presumably the chaotic ound can be remixed when Radio 2 (co-promoters of the evening) broadcast it "next April" according to Mr Sherrin, who may or may not have been joking. All the same, it seems a bit tough on those who had payed to hear it live. The

psyed to bear it live. The consistor was Grant Hostack. "Who do I have to screw to get out of this show?", Mr Sherrin reminded us, was the cry of despair from the lead on stage shortly before one of Southenn's London openings. to be answered by the convict." not they know how to use a microphone, since Birgit Nils-son herself could scarcely have ridden the barrage of ill-organ-ised sound biasting out behind them, and, of course, whether or not they sing words rather than just notes. Rosemary Ashe emerged triumphant on composer's voice from the darkened auditorium. "the both counts: she's a real pro with bags of experience in same person you screwed to set huo it". I just thought I'd end ao a cheerful note. opera, musicals and cabaret, and her singing "The miller's son" and "In Buddy's eyes" were two moments among all

Rodney Milnes

The Count of Monte Cristo comes to Manchester

For this first time The Royal Exchange Theatre, Manchester is to join forces with the Palace parts - Transiere and Revenge - which can be seen over separate evenings or in one day as a complete 2-part cycle. Thesire for its new production of Duniss' The Count of Monte Cristo, starring Robert Limi-

The Count will be presented The Court will be presented by a specially formed company. Exchange Productions, and Triumph Theatre Productions; the production team includes designer Michael Yeargan; Chris Monks, music; Fergus Early, movement, and lighting, Rohert Brean Robert Bryan. Robert Lindsay has starred

which there are plans to trans-fer it to London's West End. in five other Braham Murray in live other bransm Murray productions at the Royal Exchange, including Hamler, The Braux' Stratagem and The Three Musketters, and this Count of Monte Cristo in the Palace Theatre was taken to enable us many people is fea-sible to see the production, since the Palace seats 1200 show will mark his return to the British stage following his award winning success in the West End and on Broadway in the musical Me and My Girl Adapted by James Maxwell Count will be divided into two

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Ici	FINANCIAL TIMES	

Peter Marin cooling on Wednes-day and a Jerome Robbins even-ing on Thursday at the Theatre des Champs Elysées (17203037). Views

Donald Adams.

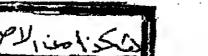
Paris

Staatsoper. Le Name di Figaro is conducted by Ivan Flacher.

Opera: The new season starts with Jean Pierre Ponnello's Fide-ter production with a cast led by Jania Martin (Leonore), Carol-Mahur (Marzelline), Spas Wen-koff (Florestan), Jan-Hendrik Routering(Rocco) and Gord Feld-Honering Index of and Gent Peter Ios? (Tearrot, conflucted by Horst Strin. Themaps: flute has far interpretations by Lucy Pea-cyck, IsoideStebert-Pillio Hoharth, Keith Lewis, Barry McDankri and Gudran Sieber.

Hamburg

Det Treubadour is suns by Glar no Locanaro, Franco Bongadil, Marra Smyt. Kina Terentic wa.mitstabiling in the kading roles Der Barbier cam Serilla sone in Italian, in a wonderful Gubert Deflo production.



believe that if banks are to expand abroad, they must do so in carefully identified markets - and these do not

identified markets - and these ab not include retail banking. "We have selected special tech-niques which we can develop profit-ably," he says. Aside from fund man-agement, these include leasing, where Société Générale claims to be the larg-est in Europe, and consumer credit for which his bank has bought compa-nies in other countries. He is sceptical about banks exchanging stakes in about banks exchanging stakes in each other "unless there is a clear strategy

The RBS-Santander partnership could still become a model for medicould still become a model for medi-um-sized banks who feel they are too small to achieve a strong EC market position on their own. It involves a sinall cross-shareholding which is the basis for a number of joint ventures, staff exchanges and branch sharing arrangements. All this is underpinned by technological links and a video-conference facility. But the deal is still less than a year old and has yet to convince the sceptics who doubt that much can come of such ties once the initial enthusiasm wears off. One bank which has firmly decided against an alliance is Barclays, the

One bank which has bring betabal against an alliance is Barclays, the UK's largest. Mr Andrew Burton, the managing director. said yesterday that his bank had examined alliances

ihat his bank had examined alliances and cross-shareholdings at an early stage, but had concluded they would not be useful other than in small, specialised markets. "Barclays set out to be a global business, and we need to have a domi-nant shareholding in that situation." he said. He feels that the problems encountered by Amro and Générale de Banque bear out Barclays' view. Barclays is, of course, hig enough to tackle the EC market on its own. But similar doubts were expressed yester-

tackle the EC market on its own. But similar doubts were expressed yester-day by Lloyds Bank, which is half Barclays' size. "I do not see how alliances could give us a stronger competitive posi-tion," said Mr Michael Thompson, the deputy group chief executive. "It doesn't do anything for the share-holder and nothing for the customer." He said that he would have to be He said that he would have to be convinced that the impetus for an alliance came from "the bottom up" - in other words from the market rather than from the top down in the form of a loftily conceived grand

strategy. -Altogether bankers' attitudes amount to a recognition that it is extremely difficult for a bank to establish itself in a foreign market. Any bank which attempts to do so on its own must hreak into tight-knit local relationships, and establish its name to a degree that will cause people to entrust it with some of their most personal matters. Alternatively, the entry has to be made through acquisitions or alliances which history has generally shown to be extremely diffi-cult to manage.

Conversely, bankers are also conscious of the need to protect their own markets against possible foreign invaders hoping to take advantage of the removal of harriers. Thus, for many of them, 1992 put them on the defensive, rather than stirred their

aggressive instincts. In the most authoritative survey yet conducted of banking attitudes towards 1992, the Bank of England earlier this year concluded that the single market will accelerate the evo-lution of European financial markets in line with established global trends, -but that it will not usher in a "brave new world."

(1,2)

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While the top corporate banking markets are already highly interna-1992 deals would have happened anyretail financial markets would remain fragmented for many years to come because of deep-rooted structural and Some banks have also used the 1992 pretext to diversify into new lines of cultural factors. As a result, It was business, particularly fund manageunlikely that many pan-European ment, as in the case of Dresdner Bank financial products would appear in and Société Générale of France. Ithe near future. Amro and Générale Mr Marc Viénot, chairman of de Banque appear to have supported Société Générale, is among those who

FINANCIAL TIMES

NUMBER ONE SOUTHWARK BRIDGE, LONDON SE1 9HL Telephone: 01-873 3000 Telex: 922186 Fax: 01-407 5700

Tuesday September 19 1989

Greens caught in the middle

SMALL PARTIES are being squeezed out of mainstream British politics, leaving an open field in which Labour hopes to challenge the Conservative Government head-on. Labour has begun to convince some voters that it is changing from a fustian vehicle for the promotion of socialism into a traditional European social democratic party. This has contributed to the party's advance to opinion poll ratings of around 40-45 per cent, which it has held for most of the past three months. The Tories are

i8

consistently trailing some 8 to 10 percentage points behind. The smaller parties are dividing the bulk of the remainder hetween them, with the Social and Liberal Demo-crats and the Greens taking 6 per cent or so apiece and the rump Social Democratic Party half of that figure. Scottish and Welsh nationalists retain significant support in their own areas: if they are excluded from the United Kingdom tally the upshot is that the combina-tion of Democrats, Greens and SDP is currently supported by ahout half as many respon-dents to polling questions as the Alliance managed to attract four years ago.

Watershed vote

These figures overshadow the successful performance of the Democrats at their confer-ence in Brighton last week. The SLD leader. Mr Paddy Ashdown, is right to regard his party's vote for a multilateral approach to disarmament as a watershed. He can reasonably hope for some increase in support for the Democrats over the coming months. Yet the extent of any resurgence will be limited hy the degree of support for the Greens, whose con-ference hegins on Thursday, and the Owenite SDP, whose conference will he held next week. Under Britain's first-past-the-post voting system the ostling small parties have little chance of winning a signifi-cant representation in the House of Commons, yet they seem incapable of creating a new alliance.

There are several reasons for this. The two former Alliance parties are kept apart by differ-ences of personality, not pol-icy. The Greens are another culty in understanding, and partly because of the general matter. They propound a wide range of left-wing and other sense that small parties have

that between the Royal Bank of Scotland and Banco Santander of Spain – other banks seeking a foreign partner will now have good reason to pause and take stock. policies that have been aban-doned by the rest, the most notable being unilateral Aside from the highly personal nature of banking and the delicate nuclear disarmament. They are the most anti-European of all management and customer relations involved, the collapse has pointed up the enormous technical difficulties of arranging an EC marriage, and the need to approach such links with can-tion. the parties, which is peculiar in view of the success of Green parties in West Germany. The British Greens surprised everyone by winning 15 per cent of the vote (and no seats) in the The collapse is all the more eye recent elections to the Euro-pean Parliament, but some of those who voted for them may catching because, from the ontset, the Amro-Générale de Banque deal eemed to have all the right ingredients and had come close to becoming a symbol of European banking intehave done so in ignorance of the proposal to withdraw from Nato, or the set of economic policies that would discourage gration.

Power and circuses

ment), it has developed opin-ions on many subjects. To

green fundamentalists this is

all of a piece: in their view the planet is threatened by the

growth of industrial produc-

tion, over-population, all

European market in 1992, To

slon for establishing both a

coherent structure on the organisation and a set of poli-

cies capable of attracting last-

voters are concerned about the

protection of the environment,

and about a third put it as the

Most of Britain's registered

ing support

nowhere to go.

growth

The Dutch and Belgian banks were both large players at home hut strug-gling to make an impact abroad; both were strongly oriented toward the retail market in similar export-based economies, and they shared a com-mon cultural and linguistic heritage: This week's conference agenda alludes to many issues. when Générale de Banque's forerun-ner was founded in 1822 - before the existence of the Belgian state - it was on a royal charter granted by King William I of The Netherlands. including a proposal to return circus animals to the wild, another to close all nuclear power stations and yet another to cut Britain's population in half by persuading families not But the architects of this highly ambitious venture seem to have failed to find a suitable structure to encomto bave more than two children. There are respectable arguments in favour of each of

pass each bank's desire to maintain these propositions, but they will nevertheless sound absurd to many potential supporters. its national identity at home while merging activities outside the Bene-lux countries. The party finds itself in this

The collapse of the proposed merger between Amsterdam-Rotterdam Bank of the

Netherlands and Générale de

Banque of Belgium may disappoint those who expected the European

Community's single market plan to produce a sweeping realignment of

the European banking scene. But it will also reinforce the grow-ing helief in financial circles that

banking throws no special difficulties when it comes to mergers and alli-ances. Although some tie-ups are going ahead with a view to exploiting cross-horder possibilities - notably that between the Bourd Bank of Sast

The question remains whether the impasse has more to do with lack of progress in fashioning cross-border European Community legal structures – the much trumpeted and much delayed European company statute, for grample – or a straightforward position because, far from con-centrating on a single issue (the protection of the environ-

clash of personalities and cultures. Yesterday's insistence by the two chairmen. Mr Roelof Nelissen of Amro and Mr Paul-Emmannel Janssen, that things nuclear and, in conse-quence, capitalism, inequality and the creation of a single they will continue to co-operate in carefully selected areas suggests that they have now switched to a more pragmatic - if less visionary approach than trying to create a fully integrated, multinational banking group.

politically well-attuned mem-bers of the party this week's conference should be an occa-In a way, the coming together of the two sides in the first place could he described as a shotgun engagement. Talks between Amro and Gén-érale de Banque had already begun hut the timing of the announcement of the proposed alliance in February last year was undoubtedly prompted by Mr Carlo De Benedetti's bold bid for Société Générale de Belgique, La issue of greatest concern. This is unlikely to translate into Générale was, and still is, the largest equivalent support for the single shareholder in Générale de Green party, partly as a conse-quence of the party's espousal of a fundamentalist philosophy that most voters will have diffi-Banque - currently it holds around 13 per cent – and the idea of a mutual share swap, including options to raise the stakes in each other to 25 per cent, was a convenient prophylac-

The first outward sign that all was not rosy came with the earlier-than-expected retirement of Count Eric De Villegas, the chairman of Générale de Banque, who was the chief driving Total assets US\$bn 58.3 Total assets US\$bn 31.2 36.2 29.6

171.A

1987

15,625 15,875

132.1

1986

204.0

16.637

1988

An engagement has been broken

FT writers examine the collapse of a

Dutch-Belgian banking merger

Amro Bank

Net Income US\$m

23,341 23,260

78.5

1984

102.4

1985

H.F. van den Hover

a remarkably frank interview earlier this year, when he said that a full merger stood a 50/50 chance of suc-cess. And yesterday, his pragmatism was evident in his observation: "Yon have to start with something concrete not with the abstract.

Générale de

nan of the Executive Commit

Banque SA

Net profit US\$m

36.3

15,778

1984

82.5

15,639

1985

That tangible joint projects have been limited to the closure of Amro's Antwerp hranch, the setting up of "Eurodesks" in both territories to cater for small and medium customers, and limited international co-operation was perhaps the clearest evi-dence that more than good intentions and Euro-enphoria were needed to make the alliance work. But to some extent the two banks hlame the market environment for their failure to merge their activities more fully.

"Perhaps the circumstances are not ripe for such ambitious mergers," lamented Mr Janssen. "Today, as the market stands, the customers are not ready." Mr Nelissen added: "Bank

customers want to speak to and have contact with a bank near them." Much was said yesterday in general terms about the technical problems – notably in legal and tax matters -encountered during the detailed negotiations of the last 18 months. For example, the jointly owned company, Tuba International, set up to hold their mntual 10 per cent share stakes and which will now be replaced by

He said the idea was a long way from fruition and was complicated rom irrition and was complicated "by differences in how employee par-ticipation should be reflected In this new legal form." But he added: "If we had one type of European society, then one shoe would fit." Perhaps the real clue lies in the observation of one Ame director was

observation of one Amro director yes-terday who admitted that fiscal, legal and corporate structures were available but that none were acceptable to both sides. "There was nothing neu-tral, they all had to be either Belgian or Dutch

The two banks' determination right from the start to preserve their own separate identities in their respective home markets was arguably the big-gest obstacle of the lot -a fact that will reinforce the view that manage-

By Tim Dickson and Laura Raun in Amsterdam and **David Lascelles** in London

ments create their own obstacles to mergers.

with Générale de Banque have been loosened, Mr Nelissen replied defen-

297.0

: 1988

236.5

1987

23,709 23,198

169.0

23,489

1986

It is precisely this sort of jealous regard for their corporate independence which may lie at the root of the failure of a brave experiment. This may also enable Euro-enthusiasts to claim that there were particular reaclaim that there were particular rea-sons for the marriage's failure which need not be extended to the general. Even so, the euphoria which greeted the original plan for a single banking market had already begun to evapo-rate and European bankers' actions. have generally been notable for their caution rather than their daring. Only a handful of banks have made

Only a handful of banks have made a point of using 1992 as a pretext for acquiring or developing businesses. Crédit Lyonnais, the state-owned French bank, has bought banks in Belgium, the Netherlands and Italy. But these are mainly small operations which give Crédit Lyonnais a foothold in another market rather than create the building blocks for the nan-Furn the building blocks for the pan-Euro-pean bank of the future. Deutsche Bank has also been mak-

nesses rather than a grand alliance. And its biggest deal, the acquisition

sively that the questioner was posing the "unimaginable." His comment-was echoed by Mr Janssen.

ing acquisitions, but for selected husiof Banca d'America d'Italia, occurred before the 1992 plan took shape,

Wage discord in Australia

THE GREAT difficulty with centralised pay agreements between governments and trade union federations is that, when their usually short lives expire, the distortions and anomalies which they have created begin to unravel in an unpredictable way. Australia is the latest exam-

ple. The Labor Government, led to a record three successive victories hy Mr Bob Hewke, the former president of the Australian Confederation of Trades Unions, has based its accord with the unions. Each year the accord has

been renewed. In spite of some necessary cuts in real wages forced hy Australia's serions economic plight, the traditionally aggressive industries such as mining, shipyards and con-struction have been mainly quiet. Now, less than a year from a general election, the credibility of Mr Hawke, his Government and the pay accord hang on the outcome of a strike by domestic airline pilots in support of a 29.5 per cent pay claim (21 per cent for "past productivity not paid" and 8.5 per cent for cost of liv-

ing). The five-week strike has grounded both major domestic airlines. They are losing A\$20m (19.9m) a week and are trying to replace the 1,600 pilots, who have resigned en masse, by recruiting abroad.

Complex issues

The dispute is more complex than it looks: it is not just a matter of one of the highest paid groups in the country using its muscle to extract a huge pay rise while the accord allows rises of 6 per cent for workers with much lower salaries and much less industrial power. It is also about the pressures which occur when part of an economy is regulated while other parts are deregulated and about the extreme difficulty of imposing centralised wage-fixing thronghout a mixed economy.

The Australian wage accord dictates that unionised wage rises should he traded off against productivity. The litmus test is always whether employers can get the required productivity gains. But neither the Government nor the

employers have asked the pilots what they would be pre-pared to offer in return for a wage rise, insisting that the structure of the accord based on 6 per cent must be accepted before there can be any negotiation If Mr Hawke'e claim that the pilots spend only eight hours a week "behind the stick" is correct, there would appear to be huge productivity gains that might be negotiated,

Brains of the SDP There is still a certain not to mention a possible nostrike agreement for the

Difficult strategy

future

pamphlet Europe Without Cur-This all comes at a time rency Barriers with essays by our own Samuel Brittan and when the Australian economy is in difficulty. Inflation, over-Michael Artis, Professor of Ecoseas debt, interest rates and nomics at the University of the current account deficit are all registering alarmingly large figures. The strategy of Mr Paul Keating, the Treasurer, is to slow the overhested econthe Foundation is Lord Kilmar nock, one of the 20 or so remaining SDP peers. Kilmarnock is perhaps better omy into a soft landing. This was going to be difficult enough in normal circumknown by his writing name: Alastair Boyd. He says that stances. The new danger is that prolonged mishandling of the airline strike could precipihis life falls into two parts: politics, and books about tate a crash landing. The Road from Ronda which, as the spelling indicates, is

There is a more optimistic alternative if only Mr Hawke can find a way out of the cor-ner into which he has boxed himself with the pilots. Ideally he should get the employers and the pilots together through one of the many industrial relations mechanisms that are available and lower the Gov-ernment's profile in the dis-

Australian labour relations are at a turning point and the centralised pay accord may he going the way of others before it. The Labor Party could turn this to its advantage, going into the next general election with a new industrial relations policy. Having used the consensus over wages to curh Australie's chronic tendency to pay itself more than it earned, Mr Hawke could move towards the next pbese: a system of decentralised pay bargaining which is appropriate for an efficient deregulated economy. That would be a remarkable plstform for the former leader of the trades union federation. hut no more remarkable than the way in which he has so far managed to force some economic realism into the Austra-

lian psyche.

aristocratic hut more down to earth successor, Mr Janssen, has appeared more sceptical abont the marriage, and despite the beaming smiles and bonhomie at yesterday's press conference in Amsterdam apparently has not enjoyed the same rapport with Mr

ness the Social Market Founda-

The Executive Director of

Spain. He wrote a book called

not about the Welsh valleys,

about the mountains of Andal-

ucia. There will be politics in it, he says, but only Spanish

politics. "For example, what-ever happened to Spanish anar

chism? Did it simply turn into

Kilmarnock/Boyd went to

Spain for the family business

in 1951. It was a small broking

firm called Harris and Dickson

returned to England when his

father died in 1975 and entered the House of Lords as a cross

bencher. When the SDP was

Kilmarnock is sticking

firmly to Owen, despite the

split in the Alliance and the

formation of Paddy Ashdown's

Social and Liberal Democrats.

The Social Market Foundation,

however, intends to have very

an organisation, the model is

hut not to party political writ-

The Brittan/Artis pamphlet

the Institute for Economic

formed, he was one of its earli-

with an office in Bilbao. He

communism?"

est memhers.

ers

but Spanish villages. Currently he is writing

tion, for instance, which yes-terday brought out its

Manchester.

Nelissen. His donbts first surfaced publicly in

each other - apparently ran foul of the regulatory authorities because as a result they were effectively owning

their own shares. On the question of whether the pro-posed European company statute – still at the conceptual stage in Brussels - would have helped facilitate the merger, Mr Janssen was ambigu-

both Belgian and Dutch corporate cul-tures is the almost obsessive fear of hostile takeovers - notwithstanding the contrast between the very strong anti-takeover defences in the Nether-lands and the much weaker ones in its southern neighbour, Asked whether Amro might fall prey to a corporate raider now that the ties

through the streets of Johan-

nesburg, Cape Town, Pretoria, and Port Elizabeth last week

would not, taken together, fill

a football stadium in Soweto

OBSERVER is the third so far. Kilmarnock amount of intellectual life in wants the strike rate to go up and around Dr David Owen's Social Democratic Party: witto about one a month with a

very radical essay on taxation policy appearing before the next budget. He insists that the money, such as it is, does not come from the usual SDP sources like David Sainsbury. To prove it, an appeal will going out shortly for funds. Meanwhile, at the forthcoming party conference in Scar-borough Owen will not only lead a cricket team, but take on Nigel Short, the British champion, at chess.

All comers

■ Something went wrong with Chevron's advertisement for accounting assistants in yester-day'e London Standard. The last line read: "Chevron welcomes sex with all suitably disabled people regardless of size of bank balance."

Still pumping

Almost 20 years ago to the day, an item appeared in the old Men and Matters column of the Financial Times about David and Goliath in the pumps industry. Peter Hooper then described as "a chubby 38-year-old", had taken ove as head of the UK end of the Danish-owned Grundfos opera tion, and was boasting that he could raise its share of the domestic market from three per cent to 85 per cent within three years.

He did that long ago. About two-thirds of the domestic heating circulators now being installed in British homes are made by Grundfos. Hooper, now a chubby 58-

much an arm's length relation-ship with Owen's Party. As year-old, turned np in the office the other day to remind us. He is a man who plainly loves his industry and his firm. Affairs: committed to a subject, "Pumps are consumer engi-neering," he says. "It goes back

to Archimedes and that origi-



BANX

might still not exceed 50,000 people, and certainly would not top 75,000 -- scarcely the sort of crowd to give (say) Mikhail Gorbachev, the Soviet President, a sleepless night. But within the narrow con-fines of South Addrean political fines of South African political life, some of my friends insist, last week'e marches - and F W de Klerk'e decision to allow them to happen - are events of considerable signifi-

nal discovery in the bath. Pumps are a design for living, in the third world as well as the first." The familiar South African cycle by which violence begets violence and more funerals, was broken for a few days last What he stresses is quality and customer service. The pub-lic is not always directly week. The funerals still took place, for the 15 or more people killed in election night vioinvolved. It is a question of

spreading the word among tra-desmen and central heating lence on September 6. But the main political consequence of their deaths was a peaceful system makers. Although Grundfos has continued to procession through Cape Town, which was more celebra-tion than wake. expand internationally, the quality still comes from Den-mark where the company has In the same streets where

just established a new technolpolice had whipped and tear-gassed some of the same demogy centre for research and onstrators attempting to stage the same march 10 days ear-lier, there was not a uniform development Grundfos has rewarded its British pioneer. In 1985 he

became the first non-Dane on its top management team as executive vice-president for group sales and marketing. He now lives in Denmark, but travels widely. "The pumps market is a bit flat at the moment," he says, "but a lot of work is being done on new materials."

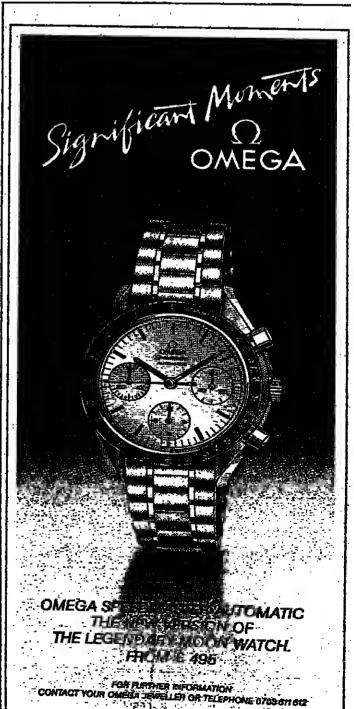
First stop Sea change

Sign in the rear window of a car being driven hy a young man in Holborn: "London to Moscow via Dartford." Cynics point out that the crowds which marched

through?

to be seen.

This week there will be more marches, and probably more yet the week after that. That is why everyone is wondering whether they will get out of hand, or was last week a break-theremet?



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والجرورية المرتبة والمتحادث

Letters

Designed to encourage a 'European' culture

From Mr Eric Salama

Sir, In attacking the pro-posed European Community directive on broadcasting (FT leader, September 14), you risk making the mistake of seeing 1992 in purely economic terms. The issue is not one of consumer choice or regulation

In seeking to encourage a European culture through film, the EC is reflecting a largely non-British tradition of seeing unification as a political as well as an an economic goal. After all, it was the desire to bring France and Germany

Money wins

From Mr M.D Varcoe-Cocks.

Sir, Michael Thompson-Noel (September 13) rightly praises the BBC's presentation of sport on television in general, and

their commentator and John Barrett, your correspondent, for their tennis contributions

in particular. British fans would like to

know why neither the terrestrial channels (BBC/ITV/Chan-nel 4) nor the much-vaunted

satellite channels showed a

single shot of the US Open ten-nis championships (widely con-sidered the second most impor-

tant tonrnament after Wimbledon (and considered to

ba, by many, Wimbledon's

competition).

equal in terms of strength of

US Open tournament con-

tained some extraordinary ' matches: Martina Navratilo-

va's narrow failure to beat

Steffi Graf in straight sets in-the women's final; Jimmy Con-

nors's amazing three-set demo-lition of Edberg and his five-set

defeat by Agassi; the men's final between the world's top

two players, Lendl and Becker

We did, however, have the over-hyped athletics World Cup on at least three of the

terrestrial and one of the satel-lite channels, the Italian Grand

Prix (both "live" and in high-

lights), not to mention four. hours devoted to the start of

As with many current sport

the American football season:

popular sports. Michael Varcoe-Cocks.

42 Warwick Boad, SW5.

From Mr D. Richards.

17a Nevern Mansion

calculated.

Credit

in sport

A . 2.

4. 4. 1

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100

1 1 4 2

sanction.

ogether after the war, rather than a wish to create an eco-nomic superpower or a free trade area, which provided the impetus for the EC's creation. At times this tradition has implied protectionism. However, the clause encouraging the production of EC programmes would have no legal

It cannot be compared in any way to the 1927 and 1937 Film Acts; these were protectionist, imposed quotas on the importation of American films, and the financing of events spawned the production of European music year?

cheap and awful "quota quick-ies" as the way of artificially raising the number of UK pro-ductions. There is a strand of anti-Americanism in the Community which we must fight. It is not a goal which Mrs Thatcher would endorse. But neither is it protectionist in the way the EC's policy on finan-cial services was, and that on public procurement is likely to be But there is also a legitimate desire to promote a European identity with which it should not be confused.

Is the encouragement to EC film-making any different from the abolition of a separate UK passport control at airports or the easing of border controls or the financing of events such as

This holds no water

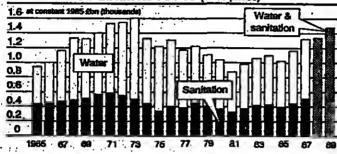
From Mr John Wells.

Sir, In stating that "investment in the water industry fell by half during the final term of office of the last Labour administra-tion" Mr Edwin Hamilton (Letters, September 15) is probably simply retailing similar off-repeated claims made by Government ministers.

One such is Mr Nicholas Ridley who, on BBC1's television

Formation) in the water supply and sanitary services industries at constant 1985 5 prices (that is, in real, inflation-adjusted terms) for the period 1985-1989/90, based on official statistics

UK water & sanitation GDFCF (1965 prices



Your readers must judge for themselves whether Messrs Hamilton and Ridley have correctly described the situation; I should have thought not.

Certainly the record of the present Government is nothing to write home about. In each of the years 1980-1986, GDFCF in water and sanitation was less than in every year of the previous Labour government. Indeed, it is only in the current year (1989-1990) that investment has moved ahead of the levels which prevailed at the

end of the 1964 1970 Wilson (Labour) government. In fact, what is so striking about the water industry is how exceptionally depressed investment has been over such a long period of time — both in absolute terms and also as a percentage of gross domestic product, as the second chart shows

UK water & sanitation GDFCF as percent of GDP ing issues, money is much more important than sports. 0.6 at constant, 1985 price fans' interest in big events in Total 0.4 0.3 0.1

1965 67 69 71 73 75 77 79 81 83 85 87 89

Having correctly identi-fied 1989 back in Janu-ary as "the year of eastern Europe," I am not quite sure how I came to put myself down once again for the "regional conflict" committee at this year's conference of the International Institute for Strategic Studies in Oslo. Not surprisingly, almost everyone in the committee appeared to wish they were All are primarily symbolic acts designed to encourage the

somewhere else, preferably along the corridor where the subject was "the impact of change in eastern and western Europe." One or two partici-pants daringly suggested that eastern Europe might also be a "region", and thus fall within our terms of reference. This was firmly and no doubt correctly ruled out of order by the chairman. But

what they were discussing along the corridor, whether or not they realised it, was indeed the possibility that Europe's unique status in the postwar world order may be coming to an end; that Europe may indeed be in the process of becoming a "region" of the world like any other.

For 40 years Europe has been unique because it was the "central front" of the Cold War, on which both superpowers were (and are) physically present with their own armed forces, directly confronting each other with only a mile or two of barbed wire hetween them. That has imposed an ahnormal stahility: no npheaval could be risked on either side lest it trigger a global confrontation. "Regional conflicts" hava been conflicts ootside Europe, because no one imagined that a European con-

flict, if one occurred, could remain a regional affair. The disadvantages of this state of affairs are debatable, but in any case unequally dis tributed: easily bearable for

The benefits, on the other hand, have been too obvious to nand, have been too obvious to need stating. Whatever Europe-ans may hope for from the end of the Cold War, it is not that their continent might become the theatre of "regional con-flicts" such as it knew in the

There is thus nothing sur-prising or shameful in the fact that western strategists tend to resct to change in the East with caution as wall as excitement. In Oslo, general accep-tance of Mr Gorbachav's benign intentions was comabout the pace and direction of the processes he has unleashed.

bined with acute uncertainty

Of four scenarios offered by

FOREIGN AFFAIRS

Why Europe may become a region

The West cannot afford to wait and see in eastern Europe, argues Edward Mortimer

a leading western Sovietolo-gist, the most optimistic was that short-term measures to and tha Hungarians are not waiting, to see what happens next. Having seen that the Improve living standards might be effective enough "in three or four years" to strengthen Gorbachev's politi-cal base (but does he really have that long?), while the more radical restructuring of prison guard has relaxed his vigilance, they are making a dash for freedom. If they can be out of range by the time a new guard comes on duty, there is a good chance that he will not bother to pursue them, the Soviet economy "would having enough to do to restore begin to show results in a decade or two". The worst was order among the remaining inmates - provided that they do not actively provoke him or start bomharding the prison walls from outside. (It would surely have been wiser, if less a "back-lash regime in which Russian nationalists and the military could be among the dominant elements." But another speaker added a fifth: "a quick revolutionary change, unforeseeable in its developnoble, for the Polisb Solidarity leader Adam Michnik to have refrained from going to Kiev to ments and much richer in open conflicts even than it has been proclaim his support for a "free Ukraine.")

A Soviet government preoccupied with restoring order at home may wish to avoid international crisis

What constitutes being "out of range"? Achieving political stability under a freely elected government, recognised as legitimate by the Soviet Union. so far." This scenario, accepted as plausible in the ensuing discussion, was generally treated as the most dangerous of all. If anyone thought it a consum-mation devoutly to be wished Soviet policy takes twists and turns, but usually respects forthey kept the thought to themmal international commitments; a Soviet government preoccupied with restoring order at bome may well wish One other statement which appeared to command general assent was that "the period of maximum uncertainty" will be to avoid an international crisis the next three to five years. That being so, the case for the

if it can, But political stability is hardly likely in Poland or Hungary without economic recovery, and there western Europe has got to help. And the German question? powerfully argued, and if we were dealing only with the Soviet Union it might be unan-Speakers at Oslo accused each other of "tiptoeing" round it, and united only in condemning swerahle. But as a response to the suggestion that West Germany be asked formally to renounce the goal of reunifica-

events in east-central Europe it simply will not do. The Poles have not waited, tion. This, it was said, would

Everyone seems to recognise East Germany as the keystone of the postwar European order: to remove it prematurely, with no alternative structure in place, is a maine for chaos and place, is a recipe for chaos and ruin. Yet no one feels any affection for it, and hardly anyone now believes it to be viable in the medium, let alone the longer, term. Many agree that serious reform would probably hasten rather than delay its collapse, but few would wish to let the fnture stability of Europe depend on the perpetuation of Mr Honecker's style of

government. In other words, we need that alternative structure, and we need it more urgently than we thought. Mr Gorbachev has given a name to it: the Com-mon European Home. Many people in the West seem to dis-like this, thinking that it masks a Soviet plot to take over the European Commu-nity, and/or to exclude the US from Europe, leaving us alone with the Eurasian Bear. So far, Mr Gorbachev's hlueprint is vague enough to permit those interpretations, hut also others. If he does harbour such designs, the West is surely still strong enough to resist them, as it has done in the Helsinki

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only play into the hands of the minority, at both ends of the

West German political spec-trum, which favours cutting

the silken bonds of Nato and

the European Community.

Like that process, a new European security structure would have to include both the US and the Soviet Union. It should start, at least, hy including both Nato and the Warsaw Pact, each with its present membership, and thus including both the present Ger-man states. The two alliances would be props which could be dismantled, if ever, only when the new structure had stood the test of time and shown itself able to cope with crises. East Germany, as a component of one of the props, would thus acquire a raison d'être associated with the ending of the Cold War rather than its con-tinuation; and Germans on both sides who aspire to ultimate reunification would have a strong incentive to ensure that the new structure really does provide security and stability for all. Nato should talk to Mr Gorb-

achev about his ideas for a Common European Home while he is still around, and should put forward ideas of its own. The object of doing so would not be to strengthen Mr Gorbachev's domestic position by giving him a foreign policy success; but if it just happened to have that effect, it would surely be an added bonus.

THERE'S ONLY ONE U.K. BANK

Currency in the EC From Mr Richard Portes. Sir, FT leaders and reports and Samuel Brittan's "Varia-tions on Delors" (September 7)

promotion of a European cul-

ture. They would be seen by some as integral to the idea of

Eric Salama, The Henley Centre for Forecast-

money issue with little infla-

tionary impact on itself. This would be especially tempting as a policy for small countries.

It could not be permitted. Second, there are increasing

returns to the use of a cur-

rency as a medium of exchange. This creates poten-tial instability: the more the

Deutsche Mark (say) is used, the more attractive it will be. This is not a problem if rates are perceived as irrevocably

fixed - a matter of conven-tion, as with English and Scot-tish notes. But if there is any

residual uncertainty about the commitment to fixed rates, the possibility of significant shifts

in the demands for currencies

may make fixed rates them-

Centre for Economic Policy

6 Duke of York Street, SW1

ing, 24 Tudor Street, BC4

unification.

stitution

discuss "currency competi-tion." But all of us should be concerned with currency sub-Samuel Brittan rightly

stresses that currency competi-tion with floating rates has lit-tle to do with European mone-tary union (EMU) and requires few measures of either promotion or control. Currency substitution with fixed rates, how-ever, is different. It would ultimately require not only monetary policy co-ordination but joint control over the aggregate of national money issue. Much sooner, "free" cur-rency substitution could raise

most people in western Europe, clearly much less so for most two serious threats to EC monetary and political stability. First, with truly fixed rates, people in eastern Europe. national monetary authority could extract from its EC part-ners tha seigniorage from

past, or such as other regions are experiencing now.

West to hold on to and if possible strengthen its alliances and see what happens, might seem overwhelming. Indeed it was

selves.

tember 13) complains that Brit-ish Telecom sends its red-print letters for payment of tele-phone bills after only 21 days.

Sir, Mr Spencer (Letters, Sep-

The fact is that, by the time he gets his reminder, he has already received 66 days credit. Like electricity boards and British Gas, BT bill quarterly in arrears. This means that apart from the rental, and assuming telephone calls are made evenly over the period. he will already have received 45 days credit on average by the time his bill is calculated. D. Richards, -20 Alexandra Drive Surbiton, Surrey

However, pace Mr Bryan Gould's warnings to potential investors (September 14): if, under a future Labour government, the water industry will be expected to invest more, but will not be permit-ted to raise its prices as much as under the current regulatory regime, where in the economy are the savings to be generated to finance the increased levels of investment? Thus, where does Labour stand on the "polluter must pay" principle? John Wells,

Faculty of Economics and Politics, University of Cambridge

Statistical note: for the years 1965-1987: GDFCF in the Water Supply Industry (Blue Book series DFPM) plus in Sanitary Ser-vices (DFQC) at current Em, deflated by implicit deflator for "public corporations: other new buildings & works" ((DEES/DEEX). Updated to 1988-1989 and 1989-1990 with data (in cash Em) from Government's Expenditure Plans: 1989-1992, deflated by the Gov-ernment's projected Gross Domestic Product deflator.

Making sense of energy From Miss Carmel Budiardjo.

From Mr Alan Meler. Sir, BP's September 7 adver-tisement illustrates more of the energy dilemmas than BP in this advertisement BP

In this advertisement BP describes how its solar mod-ules permitted an African schoolboy to study late into the night. A full-page colour photo shows a bare incandes-cent light bulb hanging above the schoolboy's desk. But the same amount of illu-mingtion could have been upp

mination could have been pro-vided with over 60 per cent less energy if BP had also thought to exchange the incandescent bulb for a compact fluorescent one. (Compact fluorescent bulbs are considerably less sotic than solar modules, and they are available in most hardware or lighting stores.)

More important, the size and cost of the overall system could have been greatly reduced by this simple modifi-cation. Alternatively, three

schoolboys could have studied with the same solar module presently used by just one.

The failure to optimisa energy efficiency and generation investments may be clearer in the simple case of an African schoolboy, but they are no less lopsided in customary practica in the developed world. The cost of improving the efficiency of refrigerators, lights, heating systems and so on is much less than that of generating the electricity. These issues become increas-

ingly important in a more envi-ronmentally conscious world - and especially significant to the UK as it experiences a mar-het dominated by private elec-

ket dominated by private elec-tricity suppliers. Alan Meler. Energy and Environment Divi-sion, Lawrence Berkeley Labo-ratory. University of California, Berkeley, California, USA

From Miss Carmet Buzurayo. Sir, Your correspondent in Jakarta, surveying Indonesian foreign policy since the down-fall of Sukarno and judging the chances of President Suharto's latest bid to win chairmanship

of the Non-Aligned Movement (September 7), does not men-tion the important obstacle standing in the way on two previous occasions: Indonesia's invasion of East Timor, in

December 1975. Its annexation of East Timor (which is not recognised by the United Nations) and the high death toll visited upon its peo-ple (some 200,000 people dead out of a pre-invasion popula-tion of about 700,000) is hardly a suitable record for a country a surface record for a country claiming leadership of a move-ment founded to uphold non-interference, national sover-eignty and self-determination. Nor should your correspon-dent have omitted to mention

that, nearly 14 years after the invasion, the head of the Cath-

Sound of discord

selves untenable. Richard Portes,

From Mr John Gardner. Sir, Crescendo is en Italian gerund meaning "getting louder" – more literally, "growing." Therefore one cannot, with any literary elegance, build to it. If you will use a musical metaphor (FT leader, September 16), say "build to a fortissimo" (a very loud sound). John Gardner 20 Firswood Avenue, Excell

Epson, Surrey

Politics in Indonesia

olic Church of East Timor, Bishop Carlos Filipe Ximenes Belo, made a call in February this year to the Sec-retary-General of the UN, for a referendum. "The peopla of Timor must be allowed to express their views on the future," he wrote. "Hitherto the people have not been consulted

Your correspondent could hardly be unaware of this appeal, for the authorities hava done their best to discredit and isolate the Bishop ever since -though he could be excused for not knowing the contants: under the censorship constraints now in operation the text was not published in the Indonasian press. We must hope that the heads of state who attended the aummit meeting in Belgrade were bet-

ter informed. Carmel Budiardio,

Tapol, 111 Northwood Road, Thornton Heath, Surrey

Credits could accumulate over a working life

From Mr J.D. Maiden.

Î

Sir, Following your article on training for and in industry (August 29), could I make a few observations on national vocational qualifications from the standpoint of the Construction. Industry Training Board, an organisation which is leading tha development on behalf of one of the large industrial sectors?

Wa are anxious to develop a framework of vocational quali-fications which will provida: flexibility for both individuals and employers alike. Employ-ers need workers with differing skill levels in a range of occu-pations and, in addition, people with a "mix" of skills. Further-more, they require a training system flexibla enough to provide opportunities to update and/or extend these skills in

quite specific areas. It is this flexibility which will allow industry to respond much more quickly to changes in aconomic conditions, and meet the changing demands of the marketplace. This is particularly true of the construction industry, where peaks and troughs in demand have ability. It is certainly pessimistic to regard a basic (Level I) qualifi-

caused regular skill shortages. Similarly, the individual needs to ba confident that cation as an indicator of under opportunities exist for career development throughout a working life, and that he or she will not be restricted to a packachievement. Wa have sought to establish with industry a hierarchy of qualifications recognised and valued by employers, which provides for progression from foundation to craft levels and beyond. age of skills acquired through vocational training in the past. Just as market conditions change for employees, so they do for employees; we should not lose sight of this. A framework of vocational J.D. Maiden, Chief Executive, Construction Industry Training Board, Bircham Newton, qualifications which allows for King's Lynn, Norfolk

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Asleep in the tha accumulation of credits over an extended period – even a working life – provides fhe flexibility industry is looking for, while at the same time offering real opportunities for the individual to progress throngh Levels I-IV and beyond, given the will and the ability.

From Mr Paul Findlay. Sir, With reference to the final paragraph of Andrew Clark's interesting review of Halevy's La Juive at Bielefeld (FT Arts page, September 15), your readers may be interested to know that during the past year the Royal Opera has been planning a production of Hal-evy's La Juive - an opera not performed at Covent Garden since 1893.

The new production, designed by Gottfried Pilz, will be premiered in 1993 and the producer, as at Bielefield, will be John Dew. Paul Findlay, Royal Opera House. Covent Garden, WC2

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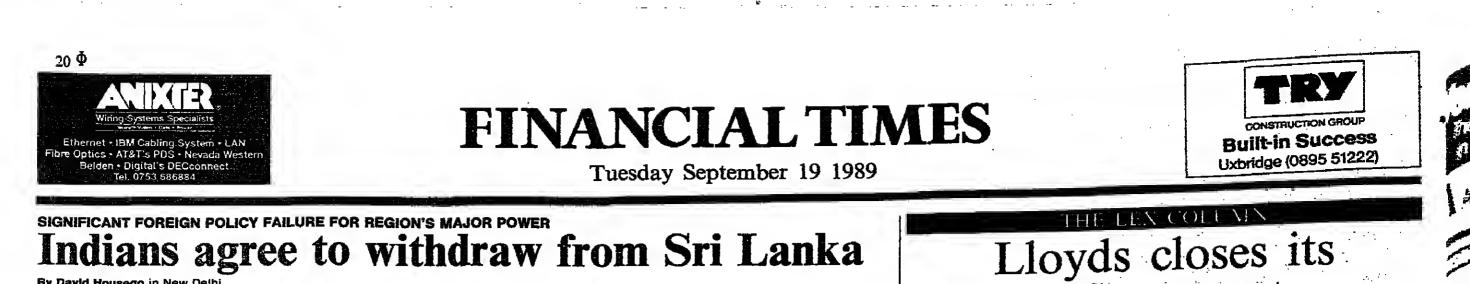
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personal Securities Administrator to monitor and



tion.

By David Housego in New Delh

INDIA yesterday agreed to withdraw its remaining 42,000 troops from Sri Lanka by the end of this year, hringing to an end, at least for the time being, an unsuccessful two-year attempt to end the ethnic strife which continues to tear the

island apart. The much-delayed agree-ment, signed hy the two gov-ernments, is a victory for nei-ther. India arrived in the island in August 1987, aiming to guar-antee the safety of the Tamil minority and to disarm the Tamil separatist guerrillas. Its failure is a significant foreign policy failure for the region's

major power. The Sri Lankan Government of President Ranasighe Prema-dasa failed to enforce a withdrawal deadline of July 29 and indeed has not managed to advance the Indians' own timetable for leaving. He must now deliver both a secure future for the minority Tamils and an end to the ruthless violence of the JVP, an extremist national-

Mandela's

release may

be imminent

says minister

MR NELSON MANDELA, the imprisoned leader of the Afri-

can National Congress, could be released within weeks,

according to a senior minister in the new South African Cabi-

Mr Gerrit Viljoen, who was

appointed as Minister of Con-

stitutional Development at the

weekend, said in an interview

on the BBC yesterday that the release of Mr Mandela and

other prisoners convicted of security offences "is a matter very high on the agenda of the

Government." Asked if the release could

take place within weeks, he replied, "I think it could."

encourage black leaders to negotiate with Pretoria over a

new constitution which would

allow black participation at national level. He is a close political ally of President F.W.

de Klerk, and could be expec-

ted to play an important role in determining the timing of Mr Mandela's release.

South African ministers

Mr Viljoen's main task is to

By Patti Waldmelr

in Johannesburg

hegemony

9 1948: Independence from Britain india 9 1956: Sinhala-only language policy 9 1970: Liberation Tigers of Tamil Eelam founded 9 1971: Army massacres 10,000 after (Jalfina failed coup 9 1987 May: Offensive launched Tranco against Tamils 1987 July: Rajiv Gandhi signs peace accord with President Jayawardene Srí Lanka O 1988: Mr Ranasinghi Premadasa elected president, promising to force Kandy Indian troops out Colombo 9 1989 July: India ignores Sri Lankari deadline to withdraw

• 1989 Sept 18; Indian troops ithdrawal announced ist group of the majority Sinhagroup lese population which has cam-

The Indian peacekeeping force will suspend what a joint statement described as "offenpaigned against Indian The risk now is that the JVP movement will denounce the sive military operations" against the Tigers in the north agreement as paving the way for a separate Tamil state in the north under the Tamil of Sri Lanka, as from tomorrow morning. But Indian officials yesterday made clear that notwithstanding the ceasefire, Tigers, the main guerrilla

patrols by Indian troops would continue and that they would retaliate if fired on hy the

Tigers. The agreement ends a fourmonth acrimonious dispute between the two governments that began with President Pre-madasa's public call for the Indians to be out by the end of

After more than two years of fighting in Sri Lanka and the loss of 1,000 men, India bas abandoned its original objec-Although the joint communi-que signed yesterday speaks of both sides ensuring the secu-rity and safety of the Tamil population in the north, the rival Tamil factions in the region are husily acquiring fresh arms in the expectation of a further conflict.

Under the agreement, a peace committee is to be established tomorrow in an effort to reconcile the various groups and to see how the Tigers can be drawn into an administra-

One of the factors that delayed an agreement was that the Indians had linked their acceptance of a ceasefire with Tigers joining the peace the committee

They dropped this demand under pressure from Mr Pre-madasa and after assurances from him that the Tigers would participate.

Fearful of further conflicts between the Tamil groups and that Indian troops could come under attack from the Tigers, the Indian Government has left the Indian Government has left the door wide open to a con-tinuing military presence after December 31. Indian officials drew attention yesterday to a clause in the agreement that links the withdrawal to the realisation of other arrangements to protect the safety and security of the Tamils. The agreement also says that India will make "all efforts" to pull out its troops by the end of the

It may not be huge when measured against the £3.4bn price the market puts on Lloyds Bank, hnt tha \$200m deal with Daiwa Bank allowing the UK clearer to make a graceful exit from mediocre main street US banking is wel-come. Yet the whole transaccome. Yet the whole transac-tion poses an obvious question. If Lloyds is so bearish on America, why do other UK clearers - NatWest and Royal Bank of Scotland - still rank so conspicuously among the bulls? One can rationalise Jap-anese interest in the US, in terms of the more modest terms of the more modest returns their shareholders will accept, but it is much harder to justify the ambitions some UK clearers still harbour there.

strong US economic data suggested rather that policy has to stay tight for a while yet. In the absence of any real movement in US short rates yesterday, the suspicion is that Financially, the deal's short-term impact on Lloyds is useful enough it unlocks £80m of capital, and serves as a reminder of what retained profits can do to repair the ravages of Third World debt on the bal-ance sheet. But what the bankthe market is using the much-publicised difficulties of Camers always tell us is to ignore the short-term, and look at grand strategy.

From this perspective, the Daiwa deal's most interesting feature is that Lloyds is putting into practice its creed of ing into practice its creed of placing returns on capital above geographical expansion, and focussing on core strengths such as the UK per-sonal sector. An operation such as its 15-office US net-work, with its minuscule mar-het share and return on amilia ket share and return on equity of 11-13 per cent, clearly had to go. And if the net result of some planned shrinkage is to render Lloyds a more manageable mouthful for a bidder, perhaps when over-exposure to some future downturn in the

Dollar

Appropriately enough for the makers of Winalot, yesterday's figures from Dalgety were a bit of a dog's breakfast. At first sight the profits growth was adequate, in the light of the The dollar's jumpy behav-iour yesterday seems partly to reflect a genuine divergence of eggs scare; but the company also benefited from a £4m view on tha two sides of the Atlantic. London tends to the view that the strength which last Friday took the currency briefly back through DM2.00 is sustainable. New York seems post-fire insurance profit and a £7m turnaround in an Austra-lian property subsidiary above the line. to take talk of a corporate borrowing crisis more seriously, pushing the dollar down by nearly 5 pfennigs in yesterday's early trading.

gety's management hardly inspires confidence, after its expensive adventure with Duke in Australia and its mis-Duke in Australia and its mis-taken purchase of commodity trader Gill & Duffus. The board, having eased out the last chief executive, has not yet decided whether to appoint the managing director in his place, or indeed whether to have another chief executive at

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Another strategic review is under way and Gill & Duffus is likely to be sold, along with some smaller operations where some smaller operations where the group's market share is imited. There are solid busi-nesses in Dalgety, in agribusi-ness, petfood and milling, and the same argument applies to its earnings as applies to all food manufacturers; people food manufacturers; people have got to eat. But even assuming profits stretch to £120m this year, the shares still do not look particularly patatable on a prospective p/e af 11.

Inchcape

Given that incheape's share price relative to the FT-All Share has already doubled since mid-1986, and allowing for snags such as the doubts raised by Tlananmen Square about the trading group's Hong Kong exposure, it is hard to see that the stock has much further to run. Yet there is an investment case one can assemble, even without placing too much emphasis on the bounce in UK vehicle distribution profits to be expected in the early to mid-1990s when the new Toyota car factory in

The increase in interim prof-its announced yesterday, a matter of 25 per cent growth at £87m, contained one striking fortune on increase in constafeature: an increase in operating profits from the Bain Clarkson insurance broking subsidiary at a time when other brokers are seeing their earnings slump, partly a trib-ute to some aggressive cost-cutting in 1968. On the face of it, Inchcape's nine main operating divisions, ranging from tea and timber to buying services, may look incoherent, apart from the geographical theme of strong Pacific Rim connections. But if the Bain Clarkson experience is anything to go

CAGUSC Lines 61 D COTOFE NPLOI NEGOCIATIO

THOUSANDS of striking Peugeot workers from Mulhouse in north-eastern France jam the Champs Elysées on their way to besiege the car maker's Paris headquarters yesterday. The demonstration passed peacefully, writes Wil-liam Dawkins from Paris, bnt nevertheless heightened fears that the two-week-old wage dispute could spark off wider dissent among French unions.

Hemmed in by police barriers, the demonstra-tors bore placards calling for the resignation of Mr Jacques Calvet, Peugeot's chairman, who has refused direct negotiations. Mr Clande Bergier, personnel director, received a small dele-

gation but repeated that the general management did not intend to start talks. Production

at Mulhouse, the main plant making the Pen-geot 205, was running at around half normal levels yesterday, while the nearby Sochaux plant was working at 20 per cent of its usual capacity, an improvement on the near standstill reached at the end of last week, according to

Peugeot management, Meanwhile, another wage dispute flared up yes-terday at Mercedes-Benz France at Molsheim, a finishing plant near both the strike-hit Peugeot assembly lines, seriously affecting output. Bomb in the post for unions, Page 3

year. Hungary restores full links with Israel

By Judy Dempsey in Budapest and our

try could upgrade its ties with other Warsaw Pact nations as Hungary became the first Soviet ally to restore full diplomatic relations with the Jewish state after a 22-year break. The surprise agreement to exchange ambassadors, signed in Budapest by the Hungarian and Israeli Foreign Ministers, followed years of soundings by Israeli diplomats aimed at ending a rupture in ties with Moscow and its allies dating back to the 1967 Six Day War. Mr Shamir, who has visited Hungary twice in the past 12 months, praised the "coura-geous and daring" decision by Budapest to reverse the 1967 position, which was also taken by the Soviet Union, Czechoslo

vakia, Bulgaria and Poland. The Israeli Prime Minister said: "I would like to express my hope that this achievement will constitute a breakthrough to Eastern Europe and that more agreements with Eastern Europe will follow this one." Europe will follow this one." Mr Gyula Horn, Hungarian Foreign Minister, in a recent interview with the Financial Times said the decision to break relations with Israel had been a "great mistake." He commented that the recumption of full ties with

Jerusalem Correspondent MR Yitzhak Shamir, Israel's Prime Minister, voiced the hope yesterday that his coun-

WK hanking market has depressed its market rating, that is not something for shareholders to complain about.

mental problem. Given that half the UK population seems to be turning green and the other half seems to have aban-

publicised difficulties of Cam-peau as an excise for a rest. That said, the dollar may well have a turbulent week. After the re-weighting of the ECU on Wednesday and the Bundesbank council meeting on Thursday, the weekend will see the deliberations of the G7. Thereafter the proposition Thereafter, the proposition that the dollar will continue upwards - perhaps on through its June high of DM2.03 - rests on fundamen-tal arguments on the health of the US economy. And, indeed, on bond market fundamentals; assuming that US inflation has peaked and may be as low this year as 4 per cent, real bond yields in the US are now higher than just about anywhere ontside Australia, and half a point above these in. West Germany and the UK.

Dalgety

1987

1989

Lloyds Bank

130

120

110

1985

ÚS account Eggs caused last year's panic; this year, it could be crisps (all that salt) or even flour. Dsl-Share price relative to the FT-A Banks index 100

have repeatedly stressed their preoccupation with the release of Mr Mandela in recent months. Mr Viljoen's statement gave the clearest indication yet of a possible timetable for the release. However, Mr Mandela, wbo

has been in prison for more than 25 years, is known to have insisted that certain preconditions be met hy Pretoria before he would agree to leave his prison bungalow outside Paarl

He has refused to accept a release which did not incinde fellow political prisoners jailed after the 1964 Rivonia treason trial

mergers.

merger control plan.

Mr Viljoen's oblique reference in the interview to "other prisoners convicted of security offences" could suggest Gov ernment flexibility. And Mr Viljoen made it clear

again that Pretoria has dropped its previous insistence that Mr Mandela renounce violence.

Mr Mandela had "expressed himself in terms which clearly indicate his preference for a peacefully negotiated solu-tion," Mr Viljoen said, hinting that this would be acceptable to the Government. But Arcbbishop Desmond

Tutu, speaking in a separate television appearance, insisted that lifting the three-year state of emergency be a condition of Mr Mandela's release.

Correction DOW JONES

The Wall Street column on this page yesterday inaccurately referred to the Dow Jones Indostrial Average. The Average is a product of Dow Jones and Company and not of the New York Stock Exchange.

France suggests a trigger point for Brussels to vet big mergers

By David Buchan and Richard Lambert In Brussels

FRANCE yesterday embarked on the difficult task of trying to reconcile the differing view-points of large and small Eurothere should be between Community and national merger control

West Germany insisted that pean Community states around even if the Commission was to give the green light to a merger above the Ecu5bn level, West Germany's anti-cartel its compromise proposals for Commission vetting of large Anxious to move the policy authorities should still have

forward during its current presidency of the EC, France the right to examine tha effect of the deal on its domestic marproposed raising the threshold Mr Helmut Haussmann, West German Economics Minlevel at which cross-border mergers would automatically come under Commission scru-tiny. It proposed a trigger point of a combined worldwide turnister, had to leave yesterday's meeting early, leaving on the table a demand which is flatly over of more than Ecu5bn unacceptable to the Commis-(\$5.25bn) with lesser mergers remaining under national scrusion. Most other EC states want some right of national

review of mergers where, for example, defence or regional and social factors are involved. tiny. This compares with a Eculobn threshold sought originally by London and Bonn The Commission has said this is acceptable, provided such instances are clearly defined and a Ecu2bn trigger point for EC scrutiny last proposed by the Commission and still sup-ported by the smaller states. and limited. Nonetheless, Mr Haussmann said_be still believed it was

Italy and the smaller states, however - with little in the way of national competition possible that a merger control agreement could be reached by December, as France still policies of their own and which are therefore looking to an EC agreement - complained that the major advance yestersuch an increase in the thresh-oid level would emasculate the day was Britain's agreement to the Ecu5bn threshold, provided that it was indexed to Commu-

hity economic growth and that Brussels would judge mergers on competitioo grounds alone. The lattar condition is also demanded by Bonn. A related sticking point is the Commission's insistence The other key disagreement which Mrs Edith Cresson, France's European Affairs Minister, tried to resolve yesterday in hours of bilateral talks with individual industry ministers of the other 11 EC states, cen-tred on how clear a division the Commission's insistence that after an initial trial period

the threshold for merger vetting by Brussels should come down to Ecu2bn. Mr John Redwood, Junior UK Industry Min-ister, did not flatly rule out such a reduction, bnt said: "Let's see how the initial threshold works out, and not prejndge at this stage any

According to Commission estimates, between 50 and 60 mergers a year would be caught in Brussels' scrutiny net by the Ecu5bn threshold compared with about double tbat number if the trigger point was set at Ecu2bn.

While striving for compro-mise, France itself has thrown up a potential obstacle to early agreement by making a last-minute proposal to require reciprocity from third countries. French officials explained that any simplification of overlap-ping EC-national merger con-trols amounted to a loosening trois amounted to a loosening of competition policy by easing the task of foreign bidders in tha Community. Therefore, Paris argued, the Commission should have the power to nego-tiate a dismantling of barriers facing EC companies making takeovers in foreign markets.

This proposal met strong objections from Britain and West Germany although yesterday's negotiations focused more on the contentious points which have lain longer on the

resumption of full ties with Israel would not impair rela-tions with Arab countries, adding: "After all, certain of tbose countries, including Bgypt now have relations with

Observers said Poland, which, like Hungary, has had limited dealings with Israel through "interest offices" for the past two years, was the most likely Warsaw Pact coun-try to follow Budapest. While no early breakthrough was expected in the more sen-

sitive relationship between the Soviet Union and Israel, diplo-mats noted that contacts have mats noted that contacts have intensified this year, with the signing of trade, health and cultural agreements, and Moscow's acceptance of Israeli aid after the Armenian earthquake.

The Soviet Union's Bolshoi Ballet is currently visiting Israel, and the two countries have had "consular" contacts - nominally over Rossian Orthodox Church property in

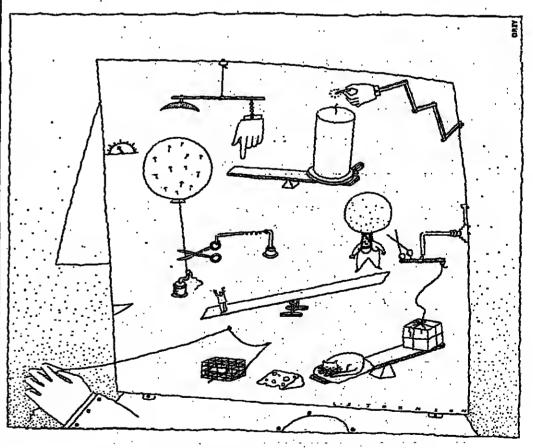
Israel – since 1987. The upgrading of Hungari-an-Israeli ties comes at a time when Hungary's 80,000-strong Jewish community is slowly regaining its identity after years of silence in the period since the Second World War, during which 600,000 Hungarian Jews were sent to concen-tration camps. Of those who survived, some emigrated to Israel, where today there are 300,000 Jews of Hungarian ori-

It is not immediately obvious why problems with junk bonds proper - as opposed to bank-ing loans - should put pressure on the Fed to bring down interest rates. Indeed, Friday's

doned cooking in favour of such delights as pot noodles, food manufacturing companies are going to have to be pretty multiple of only 10 times earn-nimble to run the gauntlet of ings, assuming 1989 pre-tax fads, scares and social change. profits of about £180m.

Dalgety has a more funda-

by, inchcape apparently does add value to its parts. The shares are on a prospective



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Continued from Page 1

last Fehruary by Danieli, an Italian maker of steel minimills, for the confirmation of a \$70m letter of credit issued hy the Iraqi central bank was confirmed by BNL's Atlanta branch. ●A statement last Thursday in parliament by Mr Guido Carli, Italy's Treasury Minister, that "notwithstanding the falsifications perpetrated [by Atlantal these irregular operations left traces in the official accounts that should not have escaped the attention of the internal controls" of

BNL's Rome headquarters. • A claim last week by the Iraqi embassy in London that BNL's Atlanta branch did in fact have authority from Rome for the Iraqi loan agreements.

Mr Longo, repesting the views already expressed by Mr Carli and the Bank of Italy, said the BNL Iraql scandal demonstrated "the serious your own bank in Italy then inadequacy of internal controls you are lending to yourself," and the lack of administrative Mr Longo said. He did not efficiency at the bank." He said the bank's central management structure was in urgent need of a reorganisation. Italian companies.

Commenting on the discov-ery that at least some funds travelled from BNL Atlanta to the Iraci central bank and back to BNL in Italy, the BNL board director said this was "the maximum kind of damage and self-ridicule for the bank." "If you lend money to the Iraqi central bank from Atlanta and it comes back to know if the money that came back to BNL in Italy was used for payments to Italian or non

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FINANCIAL TIMES COMPANIES & MARKETS Tuesday September 19 1989



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Uncertain signals for Ferranti



A new International Institute for Defence Procurement Studies, being formed in London, so far has only one industriel participant - Ferranti International Signal. The troubled defence elec-tronics group will make an excellent case study, but any lessons may come too late. The come too late. The

Derek Alun-Jones (above), has grown increas ingly dependent on its defence activities. How-ever, while it retains a crucial importance for the UK Ministry of Defence in areas such as eirborne rader and underweter sonars, it has allen victim to the tough competition being nurtured by the ministry and faces uncertain-ties in other projects where it has been count-ing on significant huainess. Further reports, Page 28

Sugar-coated takeover

A takeover by Rhone-Poulenc, the French state-controlled pharmaceuticals group, of RTZ'a specialty chemicale division has been under discussion for several weeks. A link would make sense for both parties. The UK resources group is anxious to gain e good price from any sale to offset the costs of its recent £2.75bri (\$4.23bri) acquisition of BP a mining end minerals division, while Rhône-Poulenc is keen to gain access to RTZ's range of apecielty chemicala. Page 22

Oiling the wheels of competition When Walter Oil & Gas, e respected and suc-cessful femily-owned oil company, started playing the farm-ins game – drilling prospects leased by the big oil companies in exchange for e percentage interest – in the Gulf of Mexico in 1983 it virtuelly had its pick of the deals. But no more. All kinds of little start-up companies have causat on helpion exploit this companies have caught on, helping exploit this mature oil province to the benefit of energy consumers as well as the US economy, Steven Butler reports. Page 25 .



With the possible exception of those who found themselves beneath one of last week's cloudbursts, the judgment of most livestock farmers in the south of England would be that recent rein was too little, too tate. Although some

Macmillan in **US books deal**

By Raymond Snoddy in London

MACMILLAN, the US publishing group controlled by Mr Robert Maxwell, has agreed to buy Mar-rill Publishing, the US educa-tional books group, for \$260m. The company, which employs 550 percepte has remember of about \$50 people, has revenues of about \$110m a year and an 18 per cent profit margin. It is particularly strong in maths and science

books.

books. The aim is to link the \$35m-a-year college publishing arm of Merrill with Macmillan, taking it into the first division in US col-lege publishing. The elementary and high-school publishing activities of Merrill will, subject to regulatory approval, be sold to Macmillan and subsequently put into a pro-posed Macmillan-McGraw Hill joint venture, creating whet joint venture, creating whet could be the leading company in this market in the US.

. News of the Merrill acquisition came as Mr Maxwell announced that the Official Airline Guides (OFG), bought from Dun & Brad-street last October for \$750m, was being brought on to Maxwell

Communication Corp's balance

sheet. This follows last week'a successful refinancing of \$3bn in borrowings arising from the pur-chases of both the OFG and Mac-

chases of both the OFG and Mac-millan late last year. The Merrill deal is the latest episode in the fundamental re-structuring of the US educational publishing market, where those who have been bitter rivals for large acquisitions later conduct deals both to tidy up their pur-chases or to help fund the costs of purchases. Wr Robert Bass, the billionaire

Mr Robert Bass, the billionaire Texas entrepreneur, beat Mr Maxwell to ownership of Bell & Howell in December 1987. When Mr Maxwell finally won control of Macmillan - for about

\$2.6bn - it was only after a pro-posed \$1.65bn takeover of the company by Mr Bass had failed

At his annual meeting last week Mr Maxwell promised that a medium-size acquisition in the educational field was imminent.

lazo still has it all to prove. This is the opinion of a number of analysts, openly expressing doubts as to whether the UK pharmaceuticals groop can maintain its hectic growth rate. But it is not one that is likely to sit happily with smooth-talking, super-confident American Ernest Mario as he steps forward today to announce maying for the year to hung 30 results for the year to June 30. At the pre-tax level profits are

expected to jump by about 20 per cent to pass £1hn (\$1.55hn) for the first time. But heyond the announcement of this important psychological landmark, attention will be focused on the public debut of Mr Mario, who was pro-moted to chief executive in May over the head of Mr Bernard Tay-lor, the then chief executive who

subsequently resigned. He will be expected to sbed light on his longer-term strate-gies and whether Britain's hig-gest drugs company - which has grown rapidly over the past five years to become one of the years to become one of the world'a top four pharmaceuticals group - is interested in joining the current round of mergers within the £70bn-a-year industry.

Over the summer a number of other large drugs groups have joined forces in moves which some see as defensive measures in a sector influenced by a number of tightening pressures. It is the negative effects of these pres-sures on the industry that Glaxo's doubters point to when questioning whether the group can maintain its excellent record

• The rising costs of research and development (R&D), which in Glaxo's case have increased significantly recently.

nificantly recently. • Fiercer competition which has followed partly from the mood of cost-cutting among many of the government-owned health agen-cies which, in Western Europe particularly, are the most impor-tant customers for medicines. • The growing presence in many nations of manufacturers of generic drugs - cheap copies of off-patent branded formula-tions. Such companies have dem-onstrated in recent years, espeonstrated in recent years, espe-cially in the US and West Germany, that they can quickly make inroads into the sales of

once the patents on these groups' big-selling products expire. Though thoughtful enough to

Ernest Mario: quick to stamp his personality on the gronp taste to the Mario medicine Peter Marsh looks at prospects for Glaxo, which today announces its yearly results

drugs now in the development pipeline through the convoluted trials needed before medicines can go on sale in the US, the world's biggest drugs market. The new Glaxo chief executive has also promoted to the board

ing products in development including ondansetron, for treating nausea associated with cancer, and sumatriptan, an anti-migraine preparation.

To push these drugs through the late stages of development Glaxo is spending beavily on R&D. Outlays in this area are likely to top £300m this year and may climb to £500m a year in the early 1990s.

The company justifies this expense on the basis that the new products are vital to its new products are vital to its future. Some commentators, bow-ever, worry ebout the effect such heavy spending will have oo prof-its. They fret, too, about what might happen sbould trials on the drugs hit the kind of snags that are common in the industry.

Such concerns do not seem to have been lost on Glaxo itself. Last year it annunced plans for an impressive £500m research centre in Stevenage, Hertfordshire, which was to act as the focus for its R&D efforts. But in the past few weeks the group has quietly indicated that money will he spent on the project less quickly than previously thought. Some of the aims for the centre are being scaled down, it says.

Beyond this, a crucial concern is what happens after patents on Zantac expire, and the generics producers are free to introduce cheap copies of the drug.

Most commentetors have assumed the relevant Zantac offer protection only until 1995 or 1997, giving Glaxo little time to compensate by cranking up sales

compensate by cranking up sales from new drugs. But Mr Steve Plag, a pharma-ceuticals analyst at Barclays de Zoete Wedd, the London-hased stockbroker, has highlighted the fact that a second, and more cru-cial, set of patents on Zantac will expire in 2002, providing the com-pany witb valueble breatbing space. Glaxo admits the existence of the second group of patents but says no one can predict the degree to whicb Zantac sales may degree to which Zantac sales may slide after the generics producers come in.

On top of this, a final pressure for the group concerns loog-term strategy. In recent years Glaxo has made a point of saying it has no wish to diversify heyood mainstream "ethical" drugs -those sold only on a doctor's prescription. The pressures on the industry may, bowever, make this an unwise recipe for growth

over the long term. Some believe the big drug groups may be forced to spread another rising star, Mr Franz Humer, Swiss-born, Mr Humer is their interests by moving into only 43 and is in charge of co-orrelated areas, such as sales of consumer or "over-the-counter" medicines, and indeed many have dinating marketing across the It is this team that over the done so already. next few years will face the prob-lem of how Glaxo builds up sales Merck, the American group which is Glaxo's big rival and the of new drugs to compensate for the likely fall-off during the 1990s of revenues from Zantac, its ulcer world's higgest pharmaceuticals company, has moved in this direction via a tie-up with Johnson & Johnson, another US medi-cines business. Under this agreeproduct. Zantac, the world's big-gest selling medicine, accounts for sales of about £1.2bo a year. ment Johnsoo & Johnson is to market coosumer versions of Merck prescription drugs. As be ponders the future, Mr

Dalgety profits beat forecasts at £110m

By John Ridding in London .

WEAK commodity markets, high interest rates and domestic food scares limited Dalgety, the UKbased food and agribusiness based food and agrinusiness group, to pre-tax profits of £110.4m (\$171m) for the year to June 30, an increase of 10.8 per cent. The company also said the future of Gill & Duffus, its com-modifies arm, was under review. But the result was about £1m hicker than City forceasts. And

higher than City forecasts. And this, combined with a stronger than expected performance by the agribusiness division; sent shares up 4p to 407p. Mr Manrice: Warren, group

managing director, who has been mining Dalgety since the aur-prise departure in July of Mr Terry Pryce, chief executive, said the results showed "real prog-

Below the line, there was a 27m extraordinary item which resulted from a write-off of its investment in Duke, an Anstra-lian financial services group. Mr Warren said that there was no

need for further provisions. Trading results were mixed across the various subsidiaries and divisions. In the foods division, profits grew hy £9.2m to £76.5m

The salmonella scare in the UK caused losses of £3m in the group's egg husiness, but this was offset by a f4m insurance surplus arising from last year's fire which destroyed its Nor-thamptonshire Golden Wonder

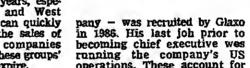
crisp factory. - In the US, Dalgety's food operations failed to improve prof-

of recent years. The tensions in the industry include:

mainstream drugs companies

recognise these general pres-sures, Mr Mario is likely to argue today that not all of them neces-

sarily apply to Glaxo.



running the company's US operations. These account for nearly half Glaxo's sales of about 52.5bn a year, and it was Mr Mario's performance in the US that convinced Sir Paul that the relaxed, conversational American would fit the role of chief execu-

He is, for example, expected to scotch any ideas that Glaxo tive better than the more lugubri-

A super-smooth

south coast an I OWS D or more over the lest iew days, the last aignifi-can reinfall was in April, prior to one of the hottest summers on record. Grass growth has been inhibited and some cattle and aheep are now beginning to show signs of their short rations. Page 36

Banking on a global issue

The much-heralded \$1.50n global bond issue from the World Bank was finally leunched yes terdey when the leed dealers, Deutsche Bank Capital Markets and Salomon Brothers, out-lined the basic terms and started the clock on e 24-hnur pricing period. The two will have. commitments of \$150m, while other participants have \$75m. Page 27

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He said he was interested in becoming the new chief executive and, while his "hands on" man-

gement style differed to that of Mr Pryce, the group's basic strat-egy was unchanged. The year saw trading profits at

Gill & Duffus slip from £35.1m to £31m because of continued weakness in cocoa markets and difficulties in its coffee operations. In addition to the shortfall at

G&D, pre-tax profits suffered from a rise in interest charges from £46.4m to £57.5m.

at Dalgety Produce. Agribusiness saw the strongest divisional performance, increasing profits from £37.9m to £58.3m. Group turnover during the period increased from £4.5bn to

24.76bn. Earnings per share increased from 29.9p to 33.6p and there is a final dividend of 10p (9p) giving a total of 16.5p (15p). A property revaluation which yielded a surplus of £77m caused net gearing to fall from 68 per cent to 63 per cent. Lex, Page 20

its because of losses of about £2m should join with other drugs groups as part of the pattern of consolidation in the industry. He takes the view - as does Sir Paul Girolami, the company's patriar-chial chairman who has been the leading light in building up Glaxo - that moves of this sort would not be in the company's

best interests. Mr Mario – a former research chemist who had a gleaming career in the US pharmaceutical industry marked by top jobs at Squibb, a leading US drugs com-

ous Mr Taylor, a former school teacher

As chief executive, Mr Mario has acted quickly to stamp his personality on the company. To take his place as head of Glaxo's US operations he has appointed Mr Charles Sanders, another for-mer Squibb executive, who has her soluble executive, with the Food and Drug Administra-tion, the US government drug-lic-ensing authority. But its sales growth is likely to falter in the pext decade, and if Glaxo is to continue its meteoric rise it badly needs a stream of

These will be useful in shep-herding a series of new Glaxo new drugs early in the 1990s. There are a number of promis-

Mario may well wish to reshape Glaxo's strategic plan and push the company this way too.

Bond sells oil interest for A\$220m

By Clay Harris in London

MR ALAN BOND, the Australian husinessman, will announce today the latest in a series of asset disposals – the sale of his rent market capitalisation of £23.5m and it will ahift the emphasis of its oil and gas assets from North America to Australia. Australian operating oil interests The move is likely also to give Aviva the base from which to for A\$220m (US\$170m) to Aviva Petroleum, a small UK-based oil and gas investment company. mount its next expansionist The proceeds of the disposal of the controlling 67.7 per cent stake in the Harriet field, located about move, into the North Sea. Aviva will become the operator

of the Harriet field, the first time 10 miles off Western Australia, will make a small contribution towards Mr Bond's efforts to it has taken that role anywhere. It plans to hire all relevant staff now employed by Bond Corp. The Harriet field, which began reduce his debts, estimated at close to £30n (US\$4.5bn) even after last week's sale of e 20.4 per cent holding in Lourho, the UKproducing about two years ago, has estimated reserves of about 50m barrels and current output of based international trading com-pany. Mr Bond will receive only 11,000 harrels per day. The deal also includes exploration acreage A\$135m immediately with pay-ment of the balance deferred for outside the Barriet field. Aviva's share of the net cash

flow - its main target in the For Aviva, formerly called investment - is expected to amount to about A\$53m a year. Jackson Petroleum, the effects Some of this cash flow will be committed to cover US\$105m of will be far more dramatic. The planned acquisition is more than

four times the size of Aviva's cur- non-recourse financing being arranged in New York by Bear Stearns.

Bond will receive a deferred note for the remaining A\$85m, paying no interest for the first four months, 15 per cent for the next four and 20 per cent for the final four. In the case of default, Bond has the option to take payment in Aviva ordinary ahares. Such an issue would give Bond more than half of Aviva's

enlarged share capital. Aviva does not plan to make any call on shareholders as part of this transaction.

of this transaction. The deal is subject to pre-emp-tion at the same price by minor-ity partners in the field, which include Kuwait Petroleum, TEA Australia, Hadson and New World Oil & Gas. If other inves-tors exercise their pre-emption right, which is an all-or-nothing option. Ariva will receive a option, Aviva will receive a A\$500.000 fee.

First Bank hits LBO loan trouble

By Roderick Oram in New York

up to a year.

FIRST Bank System, a leading regional bank group trying to recover from a \$500m loss on Treasury bonds last year, announced problems yesterday with some loans financing highly leveraged company buy-outs. The bank declined to name the borrowers involved.

The news came amid growing concern in the banking commu-nity and financial markets about the durability of heavily indebted companies. The financial troubles of Campeau, the real estate and retailing group, shook the junk bond market last week. First Bank will probably have

to classify as nonperforming some \$85m of loans in its \$738m leveraged buy-out portfolio, esti-mated Mr Steven Schroll, an analyst with Piper Jaffray & Hopwood.

Very little of the portfolio was nonperforming before this news, he added. "This indicates there

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are some real problems there." Also the Minneapolis-based group said its management was conducting a atrategic review which could lead to it selling some businesses and cutting its workforce by between 15 and 20 per cent. or some 1,500 to 2,000

Mr D.H. Ankeny, chairman, said the company would seek to reduce its exposure to types of business where risks exceeded the potential rewards or failed to provide an appropriate return. He said it is likely to increase its focus on the consumer and small business sector in the upper Mid-

west and north-western states. First Bank has had a reputation for an aggressive, risk-orientated strategy in both its loan and bond portfolios. Last December it was forced to sell \$4.6bn worth of bonds at a loss of \$500m after its gamble on interest rates backfired.

It is likely to cut its business in areas such as merchant banking, capital markets and corporate banking, Mr Schroll added. Retail and small businesses are

target, said Mr James Rosenberg, a regional bank analyst with Shearson Lehman Hntton. But

The management has yet to put reorganisation proposals to the board, but the changes could result in a third or fourth quarter cbarge of between \$25m and \$40m, First Bank said. It plans to increase its provision for loan losses in the third quarter by \$35m compared with \$20.5m in the second quarter, and charge off \$45m of loans. This will reflect an increase in nonperforming assets to \$330m from \$247m at the end of the second quarter.

good sectors for First Bank to

the group will face stiff competition from Norwest, also of Minneapolis, which is established in those businesses in the region.

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INTERNATIONAL COMPANIES AND FINANCE RTZ seeks high price for

Amro Belgian merger still possible

By Laura Raun and Tim Dickson in Amsterdam

said.

First Pennsylvania agrees

CoreStates takeover bid

AMSTERDAM-ROTTERDAM Bank of the Netherlands and Belgium's Générale de Banque yesterday scaled back their ambitions plan to create a fully integrated, international banking group to meet the challenge of Europe's single market.

But they promised to continue their co-operation in certain areas, and left opeo the possibility of "total or partial integration at a later date in the light of the market conditions and insights prevailing at

the time." Yesterday's joint announcement confirms months of rumours that the planned alliance was foundering on techni-cal and cultural differences between the banks.

Technical problems - especially legal and tax matters and a difference in the assess-

By Roderick Oram in New York

FIRST PENNSYLVANIA

agreed yesterday to be acquired by CoreStates Finan-cial for \$730m, appareotly end-

ing a long, drawn-out fight for

the banking group. The \$18.75.a-sbare deal

between two of Philadelphia's

leading financial groups topped an earlier \$18-a-share offer

from Meridian Bancorp of

Reading, Pennsylvania. Meridian said at the end of

last week it would try to better

any offer from CoreStates which made two bids in quick

succession on Friday and dur-

Airlines discuss

reservations link

DELTA AIR LINES, Northwest

Airlines, and Trans World Air-

lines Inc. said they are discussing the establishment of a

jointly owned, independently

operated, oeutral computer res

ervations system for travel agents, AP-DJ reports.

The system would combine

the resources of Northwest's and TWA's PARS system with Delta's DATAS IL

Plans are for the joint ven-

ture to operate as an autono-

mous company with its own

management.

ment of the implications that trade across state borders. Co-operation will also be seen in clearing of payments, integration would have on the identity and autocomy of each of the institutions, bave led syndicated loans, new issues Générale de Banque and Amro Bank to the cooclusion that and development of new products. tbey should continue and The looser ties are reflected extend their co-operation in many areas, but set aside that in the new financial arrange-ments. The 9.9 per cent indi-rect stakes that the banks took

to integrate the two banks," the two banks in each other when the original alliance was announced in Feb-ruary 1988 – jointly beld at the moment in a specially cre-ated company called Tuba Under the new agreement the banks bave specifically stated that "whenever possible Holding International - will be transformed into direct stakes of 5 per cent in each and acceptable," business between them will be promoted by means of preferential rights other.

or priority treatment. For example, one bank's cus-tomers will have special access The remaining 4.9 per cent of the original stakes will be placed privately with institu-tional investors in the Netherto the other's branches and affiliates, in part via the 10 "Eurodesks" which have already been set np to serve small businesses engaged in lands and Belgium. As a result of the appreciation of both banks' shares, each will realise

\$4.2bn.

profit of Fl 125m (856m). which will be transferred alti-mately to their reserves.

Both Mr Roelof Nelissen, chairman of Amro, and Mr Paul-Emmanuel Janssen, Generale's chairman, noted that they would be "free to follow their own routes in pursuing their strategic objectives

Bnt Mr Janssen rejected speculation that Générale de Banque was poised to form a new alliance with Banqoe Indosuez, part of Compagnie Financière de Suez. (Snez is the leading shareholder in Société Générale ds Belgique, itself the single largest shareholder in Générale de Banque.)

"There are no negotiations," he said. "It is not a choice between Amro and Indosuez. We are totally different banks."

tial in June was 2.59m barrels

per day (b/d) and will rise to 2.8m h/d by year-end, the com-pany said. Exports of crude oil

and refined products averaged L626m b/d for the six-month period, and the average export

price per barrel was just under

\$16.00. This year, Venezuela's

end talks on Peter Marsh on Rhône-Poulenc's likely purchase Europe deal By Alan Cane of RTZ's speciality chemicals division, details of NEGOTIATIONS between Hitachi of Japan and Com-parex of West Germany over

the sale of the European operations of National Advanced Systems (NAS) to Comparez, a supplier of large computer systems, have finally been abandoned.

Hitachi and

Comparex

finally been ababdoned. Hitachi and Electronic Data Systems, a subsidiary of Gen-eral Motors, bought NAS from the US cbip manufacturer National Semiconductor in February this year for about \$400m, planning to sell on the European operations to Com-marer for \$200m. chemicals division, to offset parex for \$200m. In April it became clear the the costs of its recent £2.75bn acquisition of BP's mining and

minerals division. Analysts have speculated that the negotiations were in trouble; this week Comparex announced that discussions French state-controlled group, with the Japanese company had come, amicably, to an end. Hitachi supplies mainframe computers to a unmber of Western computer suppliers including NAS in the US and Computers in Europe the world's ninth biggest chemicals company, may be willing to pay up to £400m for RTZ's chemical group, which has annual sales of abont \$450m. The RTZ division is involved Comparex in Europe. The object of selling NAS

Europe) to Comparex would have been to rationalise its marketing arrangements in Europe. Now Hitachi will continne to market mainframes in Europe both through Com-parez and through NAS, a part concerns its biotechnology-re-

of Hitachi Data Systems. Comparex said there were three principal reasons why the deal had been abandoned. First, although the price of \$200m was already considered black the US he enticing to gourmets, of French culinary flair linking with new ideas in food flavour-ings under development by the UK group. Besides researching new high, the US tax authorities were claiming \$100m in capi-tal gains tax which neither Hitachi nor Comparez were

prepared to pay. Secondly, Comparex was afraid the cost of the deal would hit profits for some

tant chemical in some types of food and drink. RTZ has recently spent £30m building an expanded citric Thirdly, there was a considerable culture clash between the two companies. Their cus-tomers, in particular, expressed a strong preference for one company or the other. Comparex turned over about acid plant at one of its chemi-

he likely takeover by cals plants in Seiby, in north-France's Rhône-Poulenc ern Britain.

speciality chemicals arm

The chemicals in which RTZ is involved fall into the category of speciality materials which are sold in low volumes which may he announced within the next few days, fits in with several trends in the and have uses in narrow areas of industry. As a result, they command high prices and are reckoned to be more immune world chemicals industry. Observers' balleve a tie between Rhone-Poulenc and than other, more basic, chemithe chemicals division of the British minerals and industrial cals to price fluctuations

caused by ups and downs in the world economic cycle. group makes sense from the viewpoint of both parties. The takeover has been under discussion for several weeks. RTZ is believed to be anx-ious to gain a good price for its RHONE-POULENC'S PRODUCT PROFILE

	1980	1988
Agrichems		14.6
Health	19	24
Fertilisers	13	0
Chemicals	34	47.3
Textiles -	18	14.1
Others	7	0

amover in specific eres Due to this degree of protec-tion from the effects of outside

economic forces, speciality chemicals have been targeted hy many large chemicals in a large range of disparate areas of chemicals, including water-treatment chemicals. groups in recent years as an thickeners for paints and surarea for expansion. Rhone-Poulenc has followed factants for shampoos and other personal care products. In many ways the jewel in the crown of the RTZ division

this trend (see chart). largely by building up its activities in relatively high-value chemicals such as agrochemicals and pharmaceuticals. Within the broad chemicalmaterials segment, the com-

pany has emphasized develop-ments in high-value fields such as engineering plastics and sili-cone rabbers, while reducing ago whose largest part was bought by Hoechst, the large operations in commodity mate rials such as ethylene-based chemicals and fertilisers. Another attraction for Rhône-Poulenc is that roughly

The purchases have figured in a programme of expansion over the past few years pre-sided over by Dr David Swal-low, the RTZ chemical divi-ion's managing divider The half the RTZ division's annual sion's managing director. The division has spent about £200m sales are in the US, the world's biggest chemicals market. The over the past seven years on French company has in recent acquisitions.

years expanded significantly in the US, an approach mirrored by many other big European chemicals groups, but it has still some way to go before it becomes a large player in the

Last year Rhoue-Poulenc

gained 12 per cent of its FFr65bn (\$9.7bn)sales from the

US, up from just 3 per cent in 1985. It has expanded over this

period largely due to two large purchases of divisions of US

chemicals companies. The

French company bonght the agrochemicals division of Union Carbide and the basic chemicals activities of Stauffer

in moves which cost more than

purchase brought it added

strength in several key areas of chemicals, including sulphur products, phosphorus deriva-tives (used in food and deter-gent products) and soda ash. Buf these are relatively low-value commodity metarials

value, commodity materials and the higher-value chemicals

in the RTZ portfolio could be a

useful addition to Rhône-Pou-

RTZ, which runs its US

chemicals activities from a

small regional headquarters in Atlanta, has itself built up

strength in North America in

recent years largely through acquisitions. Among these have been purchases of units

of Celanese, a US chemicals

group broken up several years

West German chemicals com-

lenc's US operations.

The French group's Stauffer

Harbert to acquire Birmingham Steel

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BIRMINGHAM STEEL, the US mini-mill group, has agreed to be acquired by privately-held Harbert for \$371m or \$30 per share, agencies report. Birmingham also said it had instructed financial advisor First Boston Corp, a Crédit

lated developments in food additives and enzymes. That

leads to a prospect, which may

types of food flavourings, the RTZ division is also a big sup-plier of citric acid, an impor-

information provided to Harbert. It said under the merger agreement, it would reimburse tion, real estate and Harbert for up to \$9m in resource development.

Suisse affiliate, to solicit other

prospective purchasers and

expenses if the agreement were terminated due to receipt of a better offer.

mingham; is a closely beld company engaged in construc-tion, real estate and natural

The second s

provide them with the same

Harbert, also based in Bir-

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its on this scale was limited, This announcement oppears as a matter of record only.

not least because the timing and circumstances of such sales were beyond their control. They say that the com-pany's prime objective is to be an active long-term investor in suitable companies rather than

a trader of shares. The report says that the 85 per cent sharebolding in US automotive and engineering group Steego had shown a loss of over HK\$200m and was an obviously unsatisfactory takeover at this stage." It says no earnings have

island

Kemsley and Milbourne "continued to go from strength to strength" and had recently acquired the Subarn agency in Australia, part of a global expansion strategy.

oil exports have gone to the following markets: 54 per cent to the U.S. and Canada, 26 per cent to Central America and its proven oil reserves as of June 30 stood at 58,355m barrels, a small decrease from the Caribbean, 14 per cent to 58,504m barrels at the end of Europe and 3 per cent to other 1988 areas. reserves of 380m barrels of crude oil. Crude oil production poten-

Venezuelan oil company

at \$1.02bn in first half

Investment sales boost IEP

By Joe Mann in Caracas

PETROLEOS de Venezuela

(PDVSA), Venezuela's national

oil company, reported a profit of US\$1.02bn for the first half

of 1989 on total revenues of

In comparison, overall reve-

PDVSA's investments in the

nues in 1988 were \$9.5bn while

1989 first-half were \$472m, and

the net profit was \$1.02bn.

By Terry Hall in Wellington

ing the weekend. People close

to the negotiations said First Pennsylvania bad turned down

a later bid of \$20.85 cents from

Meridian because it preferred to be taken over by its Phila-

delphia rival. None of the

banks was immediately avail-

First Pennsylvania had

agreed in 1986 to be acquired at a later date hy Marine Midland,

a subsidiary of Hongkong and

Shangbai Banking. Marine Midland recently agreed to ten-der its stock. It will receive

able for comment.

\$45m for its stake.

BRIERLEY INVESTMENTS' 50 per cent owned international subsidiary Industrial Equity Pacific (IEP) yesterday reported a 99.3 per cent lift in tax-paid profits to HK\$1.53bn (\$196m). However, the directors warned that much of this came from the sale of two major investments, Calmat in the US and Ultramar, and said "this crystallised substantial unreal-ised gains from earlier years." Directors said that the abil-

ity to continue to produce prof-

been taken from the other new US investments. The 100 per cent owned Associated Hosts was expected to be a useful performer while the 58 per cent stake in Molokal Ranch should have excellent potential as it owned most of the Hawaiian

The British subsidiary Tozer

tries rose about 9 per cent to DM280m, Comparex said.

DM500m (\$250m) for the first half of 1989 and its staff worldwide now number more than 1100. Sales in West Germany in the first half fell slightly to DM220m while sales in other European coun-

years to come.

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ASETCO LIMITED (Anglo-Soviet Engineering and Trading Company)

US \$327,961,403

Limited Recourse Eurocurrency Facility

To finance

the modernisation of the petrochemical plant at Budyennovsk, USSR supported by the Ministry for Chemical Industry of the USSR

Arranged by

Morgan Grenfell & Co. Limited with the project finance guarantee of the Export Credits Guarantee Department

Provided by

The Bank for Foreign Economic Affairs of the USSR

Arab Banking Corporation (ABC) **Kansallis Banking Group** National Westminster Bank PLC

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Morgan Grenfell & Co. Limited

Westpac Banking Corporation

Banque Nationale de Paris p.Lc. Société Générale (London Branch)

CIC-Union Européenne, International et Cie (London Branch)

Postipankki Group

Barclays Bank PLC

Agent

Morgan Grenfell & Co. Limited

Legal Advisers

Norton Rose

ELF AQUITAINE ANNOUNCES RESULTS FOR THE FIRST HALF OF 1989

PARIS, September 5, 1989 - Consolidated results for Elf Aquitaine for the first half of 1989, show strong growth compared to the same period last year.

in billions of Francs		hs ended a 30,	Year ended 1988
	1989	1988	
Sales	72.8	59.6	126.1
Funds generated from operations (after expensing exploration costs) Consolidated	12,4	9.5	19.5
net income (Group interest)	4.3	3.0	72 .
Earnings per share (in Francs)	41	30	72

The increase in consolidated sales was dua mainly to rising oil and gas sales combined with an upswing in oil and gas prices and a continuing demand in chemicals and pharmaceuticals. Funds generated from operations before expensing exploration costs were up 30% as forecast in June. Due to a sustained exploration program, expensed exploration costs Increased FFr 300 million.

After inclusion of these exploration expenses, funds generated from operations were again up by more than 30%, from FFr 9.5 to FFr 12.4 billion.

Consolidated net income for the first half of 1989 rose by more than 40% compared with the same period last year.

NEWS HIGHLIGHTS

- Exploration and Production

Two significant features of the first half of 1989 were the rising output for petroleum production and the continued price recovery which began in late 1988. Prices have remained strong, reaching a 6-month average of \$ 17.96/barrel for Brent, against \$ 16/barrel in the first half of 1988. This substantally boosted funds generated from operations and income reported by this sector, even after allowing for the sharp increase in exploration costs.

- Refining and Marketing

Conditions were contrasted in this sector, as in the first half of 1988. Milder weather during the first quarter depressed sales, while rapidly rising crude oil prices squeezed refining mar-gins. In the second quarter, prices of refined products picked up sharply with a consequent improvement in margins. Ove-rall, funds generated from operations for tha first semester were approximately the same as for tha same period last year.

n société nationale

elf aquitaine

- Chemicais

Last year's favorable conditions in the chemical industry persisted into the first half of 1989, despite a slight downtum in petrochemicals. Chlorina chemicals, technical polymers and to a large extent, specialty chemicals, confirmed the satisfac-tory performance for tha previous period.

Mineral chemicals sustained thair momentum, although phosphate prices failed to achieve their previously hoped-for evel

Funds generated from operations for the sector as whole were up noticeably from the first of 1988.

- Pharmaceuticals, Bio-activities and Beauty Products

This sector reported satisfactory performance with a 20% rise in sales relative to the same period last year and comparable growth in funds generated from operations.

Holding Company, Finance, Trading

The trading and financial subsidiaries of the Group per-formed well during the first half of 1989.

As a result of rising sales and income, the Group continued to invest heavily in internal and external growth. Two major ope-rations were initiated in the first half of this year and have since been brought to a satisfactory conclusion. The Group made a friendly takeover bid of just over \$ 1 billion for tha American chemical company Pennwait. This bid was accepted on August 3, 1989. Also, tha Group acquired a 5% interest in the NNPC/Shell joint venture in Nigeria, for approximately \$ 500 million. approximately \$ 500 million.

A leading French company developing its worlwide activities in 3 areas : Petroleum, Chemicals and Bio-Health Industries

Merrill Lynch. Resources that bring results in international M&A

A group of shareholders including

FINANCIAL TIMES TUESDAY SEPTEMBER 19 198

1989 Merrill Lynch Capital Markets

Dr. Friedrich Christian Flick

has sold 2,700,000 shares of common stock of

Feldmühle Nobel AG

VEBA AG

We initiated this transaction and acted as financial advisor to Dr. Friedrich Christian Flick.

IOPTEX Research Inc

has been acquired by

Smith & Nephew plc

We acted as financial advisor to **IOPTEX** Research Inc in this transaction assisted in the negotiations

Merrill Lynch Capital Markets

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Geographically, Australian operations continued to account for two-thirds of sales.

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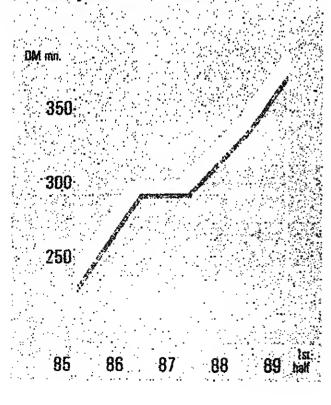
Developing Internationally

On an Expansion Course

First-Half Profits up 19%

The strong development of VEBA's business is continuing in 1989. Turnover in the first half-year increased 14% to DM 24.4 bn. VEBA's profits grew 19% to DM 397 m.

Development of Profits



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Growth Focused on Chemicals

The chemical business remains the focal point of the company's expansion. While extension of present lines of business continues, the company is also strengthening its international presence, with particular emphasis on Europe and the USA. Trading and transport activities are also expanding abroad. The services sector has been extended by the addition of a new security division.

Participation in FELDMÜHLE NOBEL AG

VEBA AG has now a 46% interest in the FELDMÜHLE NOBEL AG. VEBA regards this as an entrepreneurial activity and intends to achieve, in cooperation with the existing management, capital and income growth of this solid corporation which VEBA believes has great potential.

Capital Increase

Reflecting VEBA's active investment program, the share capital has been increased to DM 2,215 m. The strength of the VEBA share price during the rights offer period indicates positive investor support for this measure.

VEBA today

VEBA AG - with 600,000 shareholders is a group of companies with a solid foundation for the future. Their markets include: Electricity, chemicals, oil, trading, transport and services.

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PREUSSENELE	KTRA	and V	EBA KR	AFT-
WERKE RUHR	supply	some	18% of a	11

electricity consumed in West Germany. HULS is a major producer of chemicals, plastics, rubber and raw materials for detergents, with over 2,000 special products.

VEBA OEL holds a strong position in the German mineral-oil market. STINNES and RAAB KARCHER rank among the large international trading houses.

If you would like to receive a copy of the 1989 interim report, the 1988 annual report, or further information, please write to: VEBA AG, Karl-Arnold-Platz 3, D-4000 Düsseldorf 30, West Germany.

Results in Brief in	the First Half-Year	1988	1989	Change
Turnover	DM million	21,337	24,383	+ 14%
Profit	DM million	335	397	+ 19%
Capital expenditure	DM million	1,236	1,222	- 1%
Employees		83,830	91,657	+ 9%

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INTERNATIONAL COMPANIES AND FINANCE

Shareholders at Paladin abandon Steven Butler on the small oil companies making money where formerly only the majors could operate W/ hen Walter oil & bidder, with leases running for W/ hen Walter oil & bidder, with leases running for W/ hen walter oil & bidder, with leases running for five years in shallow water. Gulf of Mexico: offshore rig rates A no production, thus no Stating and no production, thus no

By Michael Marray In Hong Kong

THE CONTROVERSY at Hong New Zealand Equities to ward Kong-listed trading and invest-ment company Paladin, threatened with delisting by the colony's stock exchange, rumbled on yesterday, when a disputed annual meeting called by a group of minority shareholders was abandoned.

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Paladin directors had post-poned the meeting scheduled for yesterday because notice of it had not been sent to share-holders in New Zealand, where holders in New Zealand, where Paladin sharea are listed as well as in Hong Kong, How-ever, the minorities, led by a company called Lai See and being advised by corporate financiera Anglo Chinese Investment, rabooked the venue and announced that the meeting would take place as originally planned. It had hoped to vote Paladin directors off the board at the meeting. However, under threat of legal action, Lai See agreed to term yesterday's meeting an in term yesternay's meeting an informal gathering of share-bolders. Now it will prepare for a proxy fight at the officially reconvened meeting to be held before 23 October. A crucial issue then will be

whether Paladin directors vote a block of shares belonging to

off the attack from Lai See. the Hong Kong Stock Exchange has said that this action will lead to the delisting of all Palsdin shares locally. Heavily indebted New Zea-

land Equities was previously the parent of Paladin, but has the parent of Paladin, but has been acquired by the Hong Kong company. Lai See opposed this more as detrimen-tal to Paladin minorities. The deal was pushed through with the help of the New Zasland Equities block of Paladin shares, ignoring a warning from Hong Kong's Securities and Futures Commission watchdog that the meeting should be adjourned to allow shareholders time to consider an alternative takeover offer tabled by Lai See. The authori-ties said that, should its warn-ing be ignored, new shares have dropped nearly as far as oil prices themselves, and many small companies reckon they too can make money in what not very long ago was a high-technology, frontier area high-technology, frontier area where only well capitalised companies could participate. Now, says Mr Rusty Walter, who has taken over the run-ning of the company while his father looks for prospects over-seas, all kinds of little start up companies have caught on. Walter Oil & Gas has trouble finding deals that can meet its conservative financial targets and, when they do, chances are that someone else will scoop them un ing be ignored, new shares issued in the group restructur-ing would not be granted a listthem up. The result is a competitive arena that is likely to lead to maximum exploitation of this mature oil province, to the

mg. Paladin now risks losing its listing altogether, although yesterday directors of the com-pany stressed that they are anxious to keep the listing in Hong Kong, and hope to win the upcoming proxy battle with Lai See.

benefit of energy consumers as well as the US economy. The system contrasts with that in

companies have less of a role. In the Gulf since 1983, all acreage has come up every year for auction to the highest

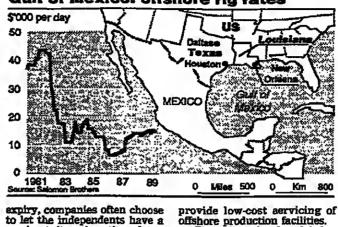
W hen Walter Oil & Gas, a respected and successful family-owned oil company, first started playing the farming gama - drilling prospects leased by the big oil companies in exchange for a percentage interest - in the Gulf of Merico in 1983 it nearly had

prices itself contributed to attracting more small compa-nies to play the field. Lower oil prices have changed the eco-nomic attractions for big com-panies to exploit offshore oil acreage that they have already leased, and in some cases they were willing to step aside to allow in commanies with differ-Merico in 1983, it nearly had its pick of the deals. No more. Entry barriers to exploring and producing oil and gas in the Gulf of Merico allow in companies with differ-ent ideas and the cost struc-ture to exploit profitably pros-pects as small as 5bn cubic feet of gas, compared with the 500bn that big companies like

One of the latest developone of the latest develop-ment concepts is a lean-to plat-form. Two piles are driven at angles against a vertical well pipe conductor, and a amall pre-fabricated platform dropped on the three points at the top. Mr Donald Paape, a the top. Mr Donald Paape, a petroleum geologist trying to set up his own company, fig-ures he can bring a small field into production within a few months for just \$350,000 in dril-ling costs, \$450,000 for comple-tion, and \$1.2m for the plat-form itself - if only he can find the financial backers. (Bil-lion dollar platforms, are not

lion dollar platforms are not musual in the North Sea.) Many of the hig companies retrenched drastically after 1986, leaving them with a sur-plus of exploration acreage to staff. As leases come up for

themselves.



offshore production facilities. "There is a developed infra-structure offshore, where you have all the services you need on a pay-asyongo basis," says Mr. Los Forster chairman of crack at it rather than let a crack at it rather than let a lease expire undrilled. Data by the truckload are available, sometimes from the companies themselves, and from specialist suppliers of seismic packages. "You can get data you used to pay \$50m for almost free," says Mr Paape. He is one of many under-employed geolo-gists and petroleum engineers in Houston, some of whom were let go at the top of their careers by the big companies. They provide a ready pool of Mr Joe Foster, chairman of Newfield Exploration. "Thirty

Newfield Exploration. "Thirty years ago we had to set up our own radio aystems and hoat supply systems." Mr Foster won his spurs in the Gulf as head of the explora-tion and production division of Tenneco, the industrial group which sold its upstream oil husiness last year for \$78h They provide a ready pool of expertise ready to work on a contract basis, and some are husiness last year for \$7.3hn. Mr Foster was a main board member who opposed the sale. trying to pat together their own companies to have a go After it went through, he handed with 24 of his colleagues and founded a new,

On top of this, the price of drilling services is still rock unusual company. The company comes with what, for a start-up oll combottom; used, virtually off-theshelf production equipment is available cheap, and there are pany, is a fat financing pack-age - more than \$10m of seed several companies willing to money and access to more

income. The company is focusing its efforts on a small area of the Gulf, with which the staff is

already familiar. "We hope to approach this area of the Gulf with as much technology as a major [oil com-pany] can, but with the flexibility of an independent," says Mr

Foster. That technology consists, above all, of using high-resolu-tion, three-dimensional seismic data, manipulated hy fast com-puters, to find small pockets of gaa in a well-defined and understood area that can he developed profitably.

understood area that can he developed profitably. "The most successful geolo-gist I ever knew spent his whole life in one county in Oklahoma," saya Mr Foster. Newfield is looking for early cash flow, and chose its first drilling proapect, which it started last month, because the prospect is in shallow water near ericting inclues and if near existing pipelines and, if successful, can be brought on stream in five to six months.

Another unusual story is that of Mr Jeff Sandefer, who, after earning an MBA at Har-vard Business School, had the nerve to start an offshore oil company in 1986, just when oil prices were falling through the floor. He says - and no one doubts him now - that he is a

"It is a husiness where yon are more active when the mar-ket is cold, and less active when the market is hot," he

institutions and wealthy individuals who participate in individual wells. Banks will not lend to the oil industry after the recent heavy losses. Mr Sandefer has built up

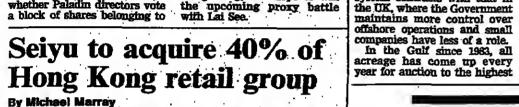
interests hy farming in to leased acreage, thus avolding paying for leases, or huying old producing platforms that hig companies do not want to have to dismantle. Herizontal drilling techniques can then he used to tap nearby satellite accumulations from the plat-

After a few years of husi-ness, Sandefer Offshore Explo-ration is operating 12 mostly unmanned platforms in the Gulf with a staff of just eight. To avoid getting fat, however, Mr Sandefer is planning to sell all of them in the coming months to concentrate on what the company has proved it can do well: finding oil and gas and developing it at a profit. "Right now everyone is huy-

ing property, so it's a good time to explore," he says.

A key plank in the company strategy is to keep small and to know when to withdraw quickly and head for greener pastures. It might as well sell the cash flow rather than keep capital tied up, especially when many analysts figure that Amerada Hess recently paid more for the gas reserves in the ground of Transco, another auccessful independent, than that gas is worth delivered to

the market today.

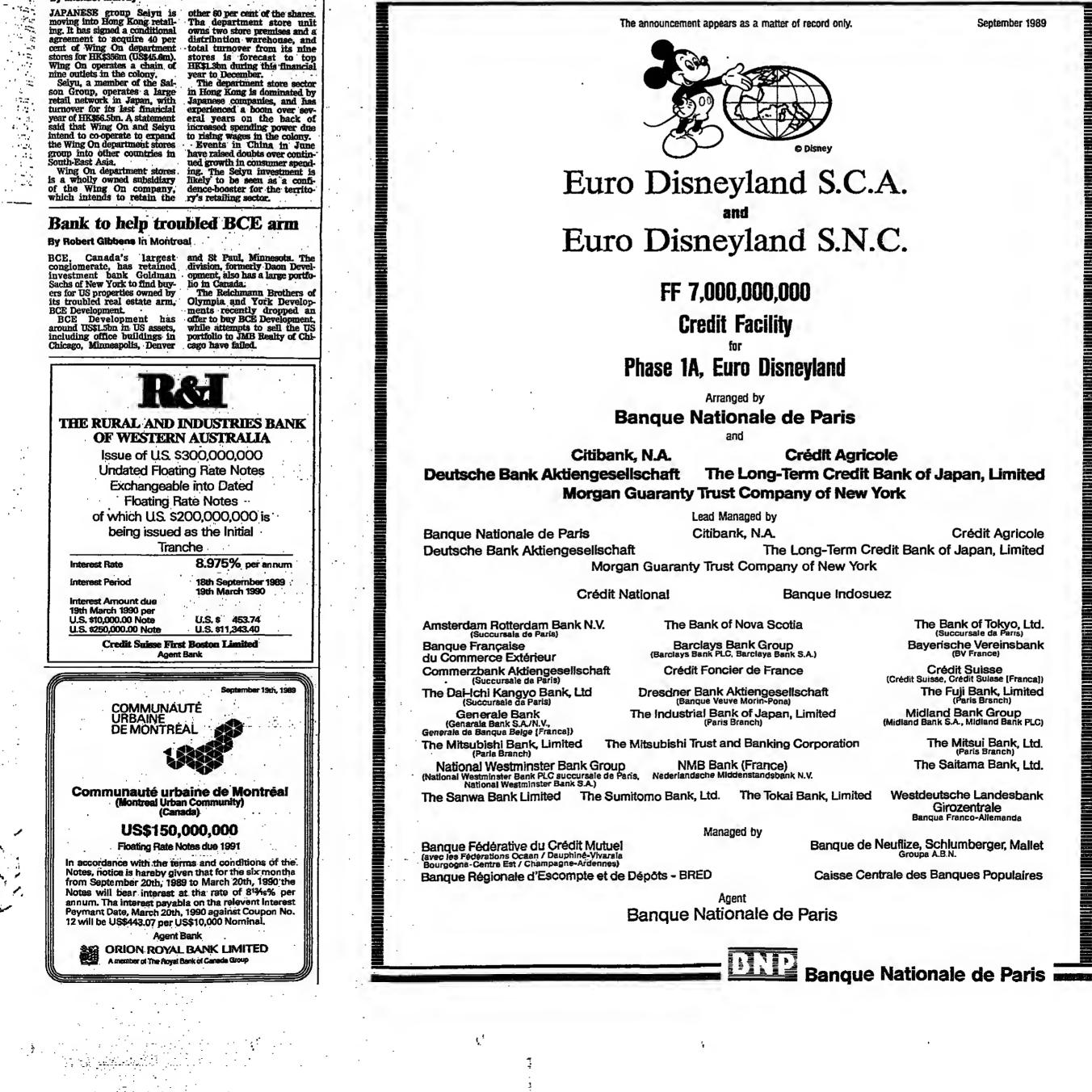


agreement to acquire 40 per

intend to co-operate to expand the Wing On department stores

The department store sector





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FINANCIAL TIMES TUESDAY SEPTEMBER 19 1989

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FT GUIDE TO WORLD CURRENCIES

The table below giv	es the latest rates	available rat except when	tes of exchances of exchances of exchances and they are s	nge (rounded) hown to be c	against four key therwise. In so	Currenci me cases	es on Mond market, rai	lay,Septemb as have bee	er 18,1989 n calculate	, in some cas d from those	of foreign curr	ninai. Marki encies to wi	et rates an hich they a	e the avera are 1ied.	age of buyin	ig and selling	Court rul
COUNTRY	£ STG	US S	D-MARK	YEN (x 100)	COUNTRY		£ STE ·	US S	D-MARK	YEN (X 100)	COUNTRY	53	STG U	55	D-MARK	YEN (X 100)	
Afghanistan (Afgha Albania IL Algeria (Din	ni) 99.25 ek) 10.1013 ar) 12.7579	63.2165 6.4339 8.1260	32,3817 3,2956 4,1624	43.3406 4.4110	Greenland (Dan Grenada	ish Krone) (E Carr \$0 ILocal Fr)	11 9125 4.1999	7.5875 2.6750 6.5907	3.8866 1.3702 3.3760	5.2019 1.8340 4.5185 0.6855	Peru					2815_5283	of Tel Av
	Fr) 10.3475	8.1260 6 5907 121.8152	4.1624 3.3760 62.3980	5 5711 4 5185 83.5152	Guadaloupe Guam Guatemala	ILocal Fr) IUS Si (Quetzal)	1.5700	6.5907 1 2.8404	3.3760 0.5122 1.4549	4.5185 0.6855 1.9473	Phillopines Pitcairo is (£	(Peso) 33. Sterling) 1.0 (NZS) 2.6		1.0191 .6369 .6831	10.7567 0.3262 0.8621	14.4104 0,4366 1,1539	By Hugh Carnegy in Jerusal
Angola IKwan Anticua (E Carr	21 46.8365 \$1 4.1999	29.8321 2.6750	15.2810	20.4526	Guinea	IFr)	-				Poland	(Zioty) 224 (Escudo) 254 IUS \$1 1.5	48.41 1 6.60 1 5700 1	432,1082 63.4394	733.5758 83.7194 0.5122	981,8384 112,0524 0,6855	THE Tel Aviv Stock Exchange
Argentina tAnsu Aruba (Fio Australia (Aus	(n) 2.7843 SI 2.0113	29.8321 2.6750 649.5541 1.7734 1.2810 13.8439	15.2810 1.3702 332.7243 0.9084 0.6562	445.3275 1.2158 0.8782 9.4912		uyanese Şi	466.65 1011.08 46.01	297.2292 644 29.3057	152,2512 329,8792 15.0114	203.7772 441_5196 20.0917	Puerte Rico Qatar	(Riyal) 5.6		.6247	1.8567	2.4850	has been shaken by a court ruling against it which has
Azares (Port Escu		13.6439 163.4594	7.0913 83.7194	112.0524	Haiti Honduras Hong Kong Hungary	(Goude) (Lempira) (HK S)	3.1250	4.9538 1.9904 7.7712 60.8207	2.5375 1.0195 3.9806 31.1544	3.3962 1.3646 5.3278 41.6980	Reunion is. de la Romania Rwande	(F/Fr) 10. (Lea) 14. (Fr) 12	.3475 6 .781 9 7.385 8	.5907 .4140 1.1388	3.3760 4.8221 41.5621	4,5185 6,4541 55,6279	thrown into doubt its ability to enforce its own market regula-
Bahamas (Bahama Bahrain (Qin Balearic)s (Sp Pese	ar) 0.5890 ta) 191.25	1 0.3751 121.8152 31.0509 1.9927	0.5122 0.1921 62.3950 15,9053	0.6855 0.2572 83.5152 21 2887		(Forint) d)c Krona)	96.94 75.4685	60.8207 61.7452 16.5605	31.1544 31.6280 8.4828 917.6476	41.6980	St Christopher			.6750 .6367 .6750			tions. The issue arose when the Tel Aviv District Court upheld a
	(2) 48.75 (3) 3.1286 Fr) 64.206 (64.509	1.9927 40.8917 41.0828	1.0207 20.9461 21 0440	21.2882 1.3662 28.0349 28.1659	iceland (icelan India (ind Indonesia Iran Iran	(Rupiah) (Ripiah) (Rial) 201 Olnar)	2812.59 116.00	1791 4595	917.6476 37.8466 0.1561	1228,2052	St Lucia St Plerre (F	E Carr \$2 4.1 rench Fri 10.	000 2	.6750 .5907	1.3702 0.3262 1.3702 3.3760 1.3702	1.8340 4.5185 1.8340	challenge by a property com- pany called Israel Land Devel-
Selize (B Selin ICFA		41.0828 1.9815 329.5414	1.0150 168.8026	28.1659 1_3585 225.9301 0.6855	iraq (ir Irish Rep Israel Italy	(Pont) (Shekel) (Lina)	0.4786 1.1515 3.1375 2204 25	73.8853 0.3048 0.7334 1.9984 1403.9808 329.5414	0.3756 1.0236 719.1680 168.8025	0.2089 0.5028 1.3700 962 5545	Con Manhon (Ma)	(Dobra) 16	04.25 1 9.642 1 633 5	.5907 6750 403.9808 08.0522 7345	719,1680	1.8340 0.4366 1.8340 4.5185 1.8340 962.5545 74.0794 2.5603 225.9301 3.9301 42.7074 1.3526	opment against a 1988 Stock Exchange ruling which
Bermuda (Bermudian Bhutan (Ngultru Bolivia (Bolivia)	5) 1.5700 m) 26.00 m) 4 3865	1 16.5605 2.7939 2.0621 3.2394	0.5122 8.4828 1.4311 1.0562 1.6593	11.3537	Ivory Coast	(CFA Fr)	2204.25 517.38			962.5545 225.9301 3.6893	Senegal Seychelics Sierra Leone	(CFA Fr) 517 (Rupee) 9.0 (Leone) 97.)0 5	.7345 29.5414 .7324 2.2929	1.9129 168.8026 2.9363 31.9086	225,9301 3,9301 42,7074	required holders of controlling so-called founders' shares in
Botswana (Pu Brazil (Cruza British Virgin is (US Brunei (Bruzei	a 3.2375	1	1.0562 1.6593 0.5122	1.9155 1.4137 2.2209 0.6855 1.3526	Jamaica (Ja Japan Jordan (Jordan			5 <u>3812</u> 145.8598 0.6101	2.7564 74.7145 0.3125	3.6893 100 0.4183	Sulgapore	(S) 3.0 (S) 3.7	1975 1	.9729 .3664 06,2165	31.9086 1.0106 1.2122 208.0783	1.6224 278.4978	any company to own at least 20 per cent of ordinary equity.
Bulgaria IL Burkino Faso (CFA)	Fri 517.38	1.9729 0.9136 329.5414	1.6593 0.5122 1.0106 0.4679 168.8026 3.5164 B1.9902	1.3526 0.6263 225.9301 4.7065 109.7379	Kampuchea Kenya (Kenya Kiribat) (Aug Korea North Korea South Kuwait (Korea	(Riei) a Skilling) strailan \$)	157.00 33.60 2.0113	100 21.4012 1.2810	51.2234 10.9624 0.6562	68.5589 14.6724 0.8782 0.6588	South Africa		6309 3	8235 .9891	1.4463 2.0433 62 3980	1.9358 2.7349 83.5152	In his verdict, the judge questioned the legality of Stock
Burma (Ky Burundi (Burundi)	Fr) 251.30	329.5414 6.8649 160.0636		4.7065 109.7379 225.9301	Korea North Korea South Kuwait (Kowa	(Won) (Won) uti O)part	1.5088 1051.73 0.46970	21.4012 1.2810 0.9610 669.8917 0.2991	0.4922 343.1419 0.1532	459.2707 0.2051	Spanish Ports ia N Africa (S	(Peseta) 193 (Rupee) 62. (E) 6.9	1.25 1	21.8152 21.8152	62.3980		Exchange roles governing list- ing requirements.
Cameroon (CFA) Canada (Canadian Canary is (Sp Pese Cp. Verde is (CV Escua	5) 1.8560 a) 191.25	329.5414 1.1821 121.8152 81.4503	168.8026 0.6055 62.3960 41.7216 0.4212	0.8104	Laos	(New Kip) ebanese E) (Maluti)	906.86 792.37	577.6178 504.6942 2.8235	295.8760 258.5220 1.4463 0.5122 0.1574	396.0087 346.0131	Surteam	(Gu)ider) 2.7	9998 4 766 1 330 2	9. 4904 . 45 84 .7685 .8235	2,2837	83.5152 . 27.0742 3.0566 1.2124 1.9358	The exchange, the Securities
Cayman Is (CI Cent_Afr. Rep (CFA) Chad ICFA	5) 1.2911 r) 517_38	81.4503 0.8223 329.5414 329.5414	0.4212 168.8026 168.8026 135.8890	55 8414 0.5637 225.9301 225.9301	Libya Liby	Jberian S)	4.4330 1.5700 0.4825 2.6450	2.8235 1 0.3073 1.6847 40.8917	0.5122	396.0087 346.0131 1.9358 0.6855 0.2106 1.1550 28.0349	Sweden Switzerland Syria	(Krona) 10. Fr) 2.6 (£) 32.	3700 6 450 1 .6655 2	.6050 .6847 0.8060	1.4463 3.3833 0.9629 10.6575	4.5283 1.1550 14.2644	Marriott Moore
Chile (Chilean Per China (Renminbi Yus Colombia (Col Per	ini 5.7786	329 5414 265 2866 3.6806 398 3248	135 8890 1.8853 204.0358 168.8026 168.8026	225.9301 181.8777 2.5234 273.0873	Luxembourg		2,6450 64.20		0.8629 20.9461 4.0941		Talatan	(S) 40.	20 2 5 25 1	5.6050	13.1158 73.4910 12.8874 168.8026		draws backers
Comaro Is (CFA / Congo (Brazz) (CF4 / Costa Rica (Cold	r) 517.38 r) 517.38 n) 123.118	3.6806 398.3248 329.5414 329.5414 329.5414 78.4191	168.8026 168.8026 40.1690	225,9301 225,9301 53,7633	1 Malawi	(Pataca) rt Escudo) IMG Fr) (Kwacha)	12.5485 256.60 2361.00 4.4100	7.9925 163.4394 1503.8216 2.8089	4.0941 83.7194 770.3099 1.4388	5,4796 112,0524 1031,0043 1,9257	Thailand Togo Rep Tonga Is (Trinidad/Tobago	(Baht) 39. (CFA Fr) 517 Pa Anna) 2.0	50 2 7.38 3 1113 1	2810	12,8874 168,8026 0,6562 2,1569	17,2489 225,9301 0.8782	By Chris Sherwell
Cuba (Cuban Per Cyprus (Cyprus Carechosionakia (Korun	1.1847 1.1847 1.1847 1.1847 1.1847 1.1847 1.1847 1.1847 1.1847 1.1847 1.1847 1.1847 1.1847 1.1847 1.1847	0.7545	40.1690 0.3865 0.2593 7.8531	0.5173 0_3471 10.5109	Molaysia Maldive Is Mall Peo	(Ringg(t) Ruriya)	4.2143 14.0151 517.38 0.5980	2.8089 2.6842 8.9268 329 5414 0.3808 6.5907	1.3749 4.5726 168.8026	1.9257 1.8403 6.1201 225,9301	Trinicad/Tobago Tunisia Turkey Turke & Calcos	(5) 6.6 10kmar) 1.5 (Lina) 345	109 4 103 0 99.46 2 700 1 113 1	2107 9619 228.9554	21569 0.4927 1141.7487 0.5122 0.6562	17.5545 98.3634 17.2489 225.9301 0.8782 2.88668 0.6595 1528.1484	in Sydney A HANDFUL of well-known
	15.601 15.60t	15.3312 9.9363 9.9363	7.8531 5.0897 5.0897	6.8122 6.8122	Malta G	(Local Fr) (Ouguiya)	0.5980 10.3475 130.073 24.70	0.3808 6.5907 82.8490 15.7324	4.5/20 168.8026 0.1951 3.3760 42.4381 8.0597	225.9301 0.2611 4.5185 56.8004 10.7860	Tuvalu (Aust					0.8782	international executives, including Mr Rupert Murdoch
	(r) 276 47	7.5875	3.8866 90.2022 1.3702 3.2531	5.2019 120 7292 1.8340 4.3540	Mauritius IMa Mexico IMex		24.70 4032.50a 3977.41d		8.0587 1315.6606 1297.6867		United Kingdom	(5) 10	413 3 0 0	98.4254 .6568 .6369	101.6404 1.8731 0.3252 0.5122	136.0384 2.5871 0.4366	and Mr Rupert Hambro, yester- day announced their backing
Dominican Kep (10 Pes	01 9.9700	2.6750 6.3508	_		Miquelon Monaco (1		10.3475 10.3475 5.2195	6.5907 6.5907	3.3760 3.3760 1.7029 1.3702	4.5185	United States Uragoay USSR	(USS) 1.5 (Pesa) 104 (Rouble) 1.0	700 Î 44,56 60 010 0	65.3248 .6375	340.8026 0.3265	0.6855 456.1397 0.4371	for a new corporate finance firm started by two former
Ecuador (Suc	911.862	555.4777 580.8025 2.5464 4.9773	284.5350 297.5073	380.8296 398.1921 1.7458	i Ni Chisertaz	(E Carr S)	4.1999 13.50 1256.85	6.5907 6.5907 3.3245 2.6750 8.5987 800.5414	1.3702 4.4045 410.0652	2.2792 1.8340 5.0951 548.8427	Vanuato Vatican	(Vatu) 185 (Lira) 220	14.25 14		60.5220 719.1680	81.0043 962.5545	Elders group employees. The firm, called Marriott
Egypt (Egypt) El Salvador (Colo Equat'i Guinea (CFA F Ethiopia (Ethiopian Si	n) 7.8145 n) 517.38	4.9773 329.5414 2.0373	1.3044 2.5495 168.8026 1.0436	1.7458 3.4124 225.9301 1.3968	Namibia (4.4330	2.8235 1.2810 23,7770	1.4463 0.6562 12.1794		Venezuela	(Bolivar) 59.			19.2952	25.8253	Moore after its two principals, enters a highly-crowded bank-
Faikland /s (Faik Farce /s (Danish Kron	£) 1.00	0.6369	0_3262 3.8866 0.7761	0.4366	Nepal (Nepal) Netherlands N'nd Antilles (J	(Gulider)	37.33 3.4550 2.8054	23.7770 2.2006	12.1794	1.9358 0.8782 16.3013 1.5087 1.2250 1.1539	Vietnam Virgin Is-British Virgin Is-US	(Dong) 699 (USS) 1.5 (USS) 1.5	9.75 4 700 1 700 1	458.4394	2283.7683 0.5122 0.5122	3056.6593 0.6855 0.6855	ing sector at a difficult time. Other backers include Mr
Fijils [Fiji Finland (Maride France (F	\$) 2_3790 a) 6.9218 r) 10_3475	7.5875 1.5152 4.4087 6.5907		3.0226	New Zealand	INZ S)	2,6425	2.2006 1.7868 1.6831 21178.3439 329.5414	1.1272 0.9153 0.8621 10848.287	225 9301	Western Samoa	(Taia) 3.5		2659	1.1606	1.5534	Garner Anthony, chairman and chief executive of the US
Fr. Cty/4frica ICFA F Fr. Guiana ILocal F Fr. Pacific Is ICFP F	rl 517.38 r) 10.3475	6.5907 329.5414 6.5907 119.3949	3.3760 168.8026 3.3760 61.1582	225.9301 4.5185 81.8558	Niger Rep Nigeria Norway (No	iNaira) x. Kronej	517.38 11.3240 11.1775	7.2127 7.1194	168.8026 3.6946 3.6468	4.9449 4.8810	Yemen Yemen PDR Yugoslavla	(Rial) 15. (Oinar) 0.5 (Dinar) 501	21 9. 335 0. 197.0 31	6878 3398 1972.6114	4.9624 0.1740 16377,4877	6.6419 0.2329 21920.0873	Cox media group, Kenneth Baillieu Myer and Sidney Bail-
Gabon ICFA F Gambia (Oala:	n 517.38	329.5414 7.6803 1.9522	168.8026 3.9341	225.9301 5.2655 1.3384 1.3384		al Omani)		0.3831 20.5732	0.1962	0.2626	Zaire Ren	(7:1-1) 652		5 7197		285.0131 11.2663 1.5272	lieu Myer, who made their for- tunes from the Myer (now
Germany East 10stmar Germany West (0Mar	21 3.0650 21 3.0650	1.9522 279.1146	111111111111111111111111111111111111111	191 3580	Papua New Guin	iea (Kina)		0.8526	10.5383 0.5122 0.4367	14.1048 0.6855 0.5845	Zimbabwe	Kwacha) 25. (S) 3.4	975 2	14331 2277	8.4176 1.1411	1.5272	Coles Myer) retailing group, and Mr Ian Beaurepaire, a
Ghana (Cec Gibraltar IGIb <u>Greece I</u> Orachm	នា 1. 00	0.6369 169 1719	0.3262 86.6557	0.4366 115.9825	Paraguay	(Gearani)	1969.50	1254.4585	642.5774	860.0436		<u> </u>					director of Pacific Dunlop. Ms Patrice Marriott, the new

cy Unit Rates Sent 18.1989 Special Drawing Rights Sept.15,1989 United Kingdom £1.25640 United States \$1.23750 Germany West 0 Mark 2.44542 Japan YenN/A European Cun United Kingdom £1.47591 United States \$1.05285 Germany West 0 Mark 2.07600 Japan Yen154,400

s; (a) Free rate; (b) Bankmote rate; (c) Commercial rate; (d) Controlled rate; (e) Essential imports; (g) Financial rate; (b) Exports; (l) Non commercial rate; (g) & (b) Buying rate; (l) Luxury goods; (m) Market rate; (o) Official rate; (c) performatial rate; (d) convertible rate; (r) parallel rate; (d) Selling rate; (l) Tourist rate; Some data supplied by Bank of America, Economics Department, London Trading Centre. Engolries: (l) 634 4360/5. Monday,September 18,1989



INTERNATIONAL CAPITAL MARKETS

Court ruling hits authority of Tel Aviv stock exchange

y Hugh Carnegy in Jerusalem

Authority and the Finance HE Tel Aviv Stock Exchange as been shaken by a court ling against it which has rown into doubt its ability to force its own market regula-

judged incompetent for membership. Officials are now urgently reviewing the possibility of early legislation to resolve the issue. They were already conduct-ing a complex review of the market rulebook with a view to producing new securities laws, but the process had been intended to take another year. Meanwhile, an appeal against the District Court decision issue.

Ministry were alarmed that the verdict implied the Stock Court. The problem comes at a bad time for the Stock Exchange as it prepares for what it hopes will be a period of expansion on the back of a series of planned privatisation issues by verdict implied the stock Exchange had no legal author-ity, for example, to refuse a listing to a small company which the market authorities the Government. At present, the Government dominates the market through

Court.

dominates the market through state bonds and bank shares subject to Government guaran-tees which, together, are worth about \$20bn, compared with a total market capitalisation of conventional equities of \$5.5m. However, the ordinary share index has risen above about 50 per cent in dollar terms in the last year.

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Tokyo SE keeps its cool in **Aarriott Moore** friction over two UK firms

HANDFUL of well-known HANDFUL of Weil-Known iternational executives, chuding Mr Rupert Murdoch ad Mr Rupert Hambro, yester-ay announced their backing r a new corporate finance rm started by two former

ders group employees. The firm, called Marriott core after its two principals, iters a highly-crowded bank-g sector at a difficult time. Other backers include Mr Other backers include Mr arner Anthony, chairman ad chief executive of the US ox media group, Kenneth aillieu Myer and Sidney Bail-eu Myer, who made their for-mes from the Myer (now oles Myer) retailing group, ad Mr Ian Beaurenaire a tries. d Mr Ian Beaurepaire, a irector of Pacific Dunlop. Ms Patrice Marriott, the new group's chief executive, was formerly senior project man-ager at Elders IXL

By Robert Thomson in Tokyo most visiting British ministers have complained about the exclusion of BZW and James Capel Pacific, while officials at the exchange have replied that THE TOKYO Stock Exchange, pressed by the British Govern-ment to provide seats for two firms, Barclays de Zoete Wedd and James Capel Pacific, has indicated that the visit to there is simply no room for the Japan this week of Mrs Marfirms

garet Thatcher provides no rea-son to hurry the deliberation on the firms' status. Mrs Thatcher will raise the issue in meetings with Japa-nese officials this week and is Mrs Thatcher told a group of Japanese journalists in London late last week that the issue will be high on her agenda. A TSE official, however, said that no special briefing paper will be prepared for the visit and that, if asked, the exchange almost certain to ask Mr Toshiki Kaifa, the prime minis-ter, for a quick resolution of the matter, which is virtually will simply explain that a com-mittee has been formed to

the only source of economic friction between the two counreview the matter. While British officials do not expect the exchange to suddenly grant seats to the two firms, they have been hoping that the prime minister's visit would prompt a clearer

The issue arose when the Tokyo exchange failed to offer memberships to the two firms when 16 other foreign companies, were given seats in December 1987. Since then,

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary

Large prices on Septem. Citange an und Bid offer sky week 30 1001-21003-0-014 20 973-2003-0-04 20 973-973-03-03-14 10 973-98-0-03-03-1 0 981-993-0-03-5 1 983-993-0-03-5 1 983-973-0-1-03-5 1 963-10-0-03-5 1 963-10-0-03-5 1 963-10-0-03-5 1 963 Change on Isoned Bid Offer day week Vield 600 1033, 1034, 403, 403, 8660 140 1023, 1024, 0 403, 8.73 175 1014, 102, ----7, 89 150 1023, 1023, 403, 403, 8.67 250 1034, 1033, 403, 403, 8.67 250 1034, 1033, 403, 403, 8.79 1000 1023, 1034, 403, 8.33 100 7102, 1024, 1034, 404, 405, 8.33 100 7102, 1024, 1034, 404, 405, 8.33 100 7102, 1024, 1034, 404, 405, 8.33 100 7102, 1024, 1034, 404, 405, 8.33 100 7102, 1024, 104, 404, 405, 8.33 100 9102, 1024, 104, 404, 405, 8.33 100 964, 973, 0.404, 8.79 150 1014, 1012, 1024, 404, 405, 8.29 150 1014, 1012, 1024, 404, 405, 8.29 150 954, 974, 0.404, 8.37 150 954, 977, 0.404, 8.73 100 955, 974, 0.404, 8.73 100 955, 974, 0.404, 8.73 100 955, 974, 0.404, 8.73 100 955, 974, 0.404, 8.73 250 955, 954, 404, 403, 8.62 100 1104, 1044, 404, 405, 8.59 250 1955, 1054, 404, 405, 8.59 250 1015, 1014, 404, 405, 8.59 250 1015, 1014, 404, 405, 8.59 250 1015, 1014, 404, 405, 8.59 250 1015, 1014, 404, 405, 8.59 250 1015, 1014, 404, 405, 8.59 250 1015, 1014, 404, 405, 8.59 250 1015, 1014, 404, 405, 8.59 250 1015, 1014, 404, 405, 8.59 250 1015, 1014, 404, 405, 8.59 250 1015, 1014, 404, 405, 8.59 250 1015, 1014, 404, 405, 8.59 250 1015, 1014, 404, 405, 8.59 250 1015, 1014, 404, 405, 8.55 250 1015, 1014, 404, 4 US DOLLAR YEN STRAIGHTS Ten Standarts Canada 54 91...... Canada 54 93..... Earchine 51995.... Earchine 51995.... Ercland 54 93..... Ireland 54 93..... Norway 54 95.... World Bank 54 98... World Bank 54 98... 80 1001e 80 1001e 20 971e 30 9774 30 9774 50 981e 50 981e 50 961e 10 9772 20 1055e Alberta 94 B.F.C.E. 83 94 8.F.C.E. 94 95 Brit, Tel, Fin, 93, 95.... Canada 9 96... Canadian Pac, 103, 93... CLCE 94, 95... CNLA 94, 93... Drdb 84.... Credit National 74, 93 Credit National 74, 92 Credit National 74, 92 Demark Can 94, 92 Demark 74, 92 Demark 74, 92 E.E.C. 79 E.E.C. 74, 93 Average p Change an Bid Offer Azy week Yield 983, 983, 0-03, 10.72 975, 983, 0-03, 12.03 100,1024, 0. 07,80 955, 955, 03, 00, 7,24 955, 955, 03, 04, 40, 17,23 955, 955, 03, 04, 40, 17,23 955, 955, 03, 04, 10, 18, 975, 983, 0-03, 18,73 933, 944, 0-03, 11,86 913, 934, 0-04, 11,86 913, 934, 0-04, 11,86 913, 934, 0-05, 11,74 150 100 200 - 200 - 75 100 150 100 100 Euroffeea 10% 93.... Elec. De France 9 98... Flat. De France 9 98... Flut. Exp. Cd. 8% 99... Flut. Exp. Cd. 8% 95... Flut. Exp. Cd. 9% 95... Flut. Exp. Cred. 10% 91. Bk_Novz Scot, 143, 907 Barclays Aus., 133, 91 A Belgium 83, 94 Ecu.,... BP Capital 93, 93 Ecu., British Airways 10 98 £ Brits, Telecom 92, 93 £.

This announcement appears as a matter of record only.

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First 1989

CORPORATE SECURITY

The Financial Times

prediction on a likely admis-sion date. Closing prices on September 18 Change an

\$85,000,000 X Kash n' Karry Senior Floating Rate Notes due August 2, 1990	6	proposes to publish this survey on: 17th October 1989 For a full editorial synopsis and advertisement details, picase contact: Jouzthan Wallis on 01-873 3565 or write to him at: Number One Southwark Bridge Londnn SE1 9HL	Ford Mater Credit 891 200 7882 Gee, Elec, Cap, Cap, 993 500 7101 Gea, Elec, Cap, Cap, 100 1/251 360 1024 E.M. A.C. (Sap, Cap, 100 1/251 360 1024 E.M. A.C. (Sap, Cap, 91, 92 200 1003 Ben, Mits, Darp, 91, 92 200 1003 B.M. Credit Carp, 93, 92 200 1003 B.M. Credit Carp, 95, 92 200 1003 B.M. P. 95 1000 1035 B.M. P. 95 1000 1035 B.M. P. 95 200 1001 B.M. D. 95, 92 200 1013 B.M. P. 95 200 1024 Maxon Dre, Bankt 10.96 200 1025 Maxon Dre, Bankt 10.96 200 1003 Marcore Drag, 94, 92 500 1003 Marc	97 40% 40% 84% 85% 85% 85% 85% 85% 85% 85% 85% 85% 85	$\begin{array}{c} \mbox{Credit} \mbox{Ford} \mbox{Prod} Pro$	7 - 1 2 2 2 7 1 2 2 1 5 1 2 2 2 2 2 2 2 2 2 2 2 2 2 2
The undersigned acted as the exclusive placement agent in the private placement of these securities. Merrill Lynch Capital Markets		Financial Times EUROPE'S ELISIMITYS MEWSPAPER First Union Corporation Floating Rate Extendible Notes due 2005 The rate of interest per annum on First Union Corporation's Floating Rate Extendible Notes due 2005 for the interest period beginning 15th September, 1989 and ending 15th December, 1989 the interest payment date, will be 9%. The amount of interest payable on	Arcose price charge 0a day +04 or y OEUTTSCHE MARK STRAUENTS Issued Bid Colspan="2">O 95 Austria 64,9 99	$\begin{array}{cccccccccccccccccccccccccccccccccccc$	Saskatchewan 97, 91 C5 150 1977, 98, 403, -01, 11.01 Saskatchewan 104, 93 C5 200 991, 993, 403, -01, 10.42 State Dk. NSW: 133, 93AS 100 953, 961, -01, 0.15.17 Sweden 71, 93 C6 200 991, 403, -01, 0.15.17 Sweden 71, 93 C6 200 951, 961, -01, 0.15.17 Sweden 71, 93 C6 200, 91, 961, 965, 001, 8.56 Sweden 15 94 AS 100 101, 12, 102, -01, 10.42	
These securates have been sold outside the United Staten of America and Japan. This announcement oppoars as a matter of record only. MEW ISSUE But September, 1989 ASAHI BEER INTERNATIONAL FINANCE B.V. (Incorporated with limited liability under the laws of The Netherlands and established in Amsterdam)	Notice to the W ITSUI TOATSU US\$ 20 4½% Guarante With Warrants Shares of C of Mitsui Toats ant to Clause 4 (C) of the	the interest payment date, on each \$1,000 principal amount of the Notes will be \$22.75. Bankers Trust Company, London Agent Bank /arrant Holders of CHEMICALS, INC. 0,000,000 ed Bonds due 1992 to Subscribe For common Stock at Chemicals, Inc.	Portugal 0-s 95	$\begin{array}{cccccccccccccccccccccccccccccccccccc$	CONVERTIBLE Cav. Cav. Cav. BORNOS Saba price Bid Offer data Alcos 64 02 HS. Saba price Bid Offer data Alcos 64 02 HS. Saba price Bid Offer data Ares. Brande 71g 02 US. 987 56.7 1225 1274 - 04 -1.11 CBS. Inc. 5 02 US. 987 767 1225 1274 - 04 -0.11 Primerica 51g 02 US. 487 66.7 1725 123 2141 + 04 32 Eng. China Cay 64 20 S. 988 4.8 1023 1035 - 04 18 08 122 Eng. China Cay 64 20 S. 998 4.8 1002 ± 1035 - 04 18 08 122 Iand Stac A4 02 F. 5784 1106 213 20 213 2141 + 04 3 - 01 124 -05 5 7 Iand Stac A4 02 F. 647 6 4.7 2 663 975 - 04 5 5 7 577 6 4.5 5 7 Handria Cavera 24, 9004 106 1124 - 04 5 5 7 578 Hinnebic 23 10 045 1987 643 2015 124 - 04 5 5 7 Hinnebic 23 10 045 1987 643 2015 124 - 04 5 5 7 Hinnebic 23 10 045 1147 643 2016 124 - 04 5 5 7 Hinnebic 23 10 045 1147 643 2016 124 - 04 5 20 Hinnebic 23 12 045 1147 1135 10	
5 per cent. Dual Currency Yen/U.S. Dollar Guaranteed Bonds 1994 unconditinnally and irrevocably guaranteed by ASAHI BREWERIES, LTD. (Incorporated with limited liability in Japan) Nomura International Sumitomo Finance International Barclays de Zoete Wedd Limited	Din September, 1989,) pany") issued, in accordan- rectors adopted at a meet August, 1989, 60,000,000 is f public offering in Japan squently, the Subscription espect to the Warrant has below pursuant to Clause 3 subscription Price after adj Effective Date of adjustm ime).	directments Van 964 00	• The Financial Times Ltd., 1989. i	Reproduction in whole o Data supplied by DATA	Straight Bonds: The yield is the yield to redemption of the mid-prior, the amount issued is in millions of correctly units occupt for Yen bonds where it is is billions. Change on weak - Change over price a week carlier. Piculing Rate Note: Denominated in dottars suless otherwise indi- cated. Conton shown is might above six-mounth offsered rate (sthree- month; salow: amou rate) for US dollars. C.con = The current control, salow: amou rate for US dollars. C.con = The current control, salow: amou rate for US dollars. C.con = The current comptia. Concertible Bonds: Denominated in dottars suless otherwise indicated. Clips. dwg= Change on day. Carl date of contervise indicated. Clips. dwg= Change on day. Carl date for date (sthree- nearing) of the mount of those of acquiring shares uptersed age premium of the currenteffective price of acquiring shares uptersed age premium of the currenteffective price of acquiring shares uptersed age premium of the currenteffective price of acquiring shares uptersed age premium of the currenteffective price of acquiring shares uptersed age premium of the currenteffective price of acquiring shares uptersed age premium of the currenteffective price of acquiring shares uptersed age premium of the currenteffective price of acquiring shares uptersed age premium of the currenteffective price of acquiring shares uptersed age the may form act permitted without written consent. STREAM international. Commertional: Composition: Algoneme Bank Mederland the international Carporation; Hambres Bank; IBJ International; Bank; Dath and; Korelebank I.composition: Hambres Bank; IBJ International Bank; Dath and prive jobarnationel; Sanoe International; Samoef Montage & Co.; pips & Drew; Wallman Int.; S.G. Warburg Securities; Wood Gundy	٤.
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INTERNATIONAL CAPITAL MARKETS

authorin-World Bank \$1.5bn issue gets underway

ITAL MARK

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THE much heratory global bond issue from the World Bank was finally world bond westerday when the launched yesterday when the lead dealers, Deutsche Bank Capital Markets and Salomon Brothers, outlined the basic

INTERNATIONAL BONDS

terms and started the clock on a 24-hour pricing period. The bonds will have a 10year maturity and are syndi-cated on a fixed-price re-offering basis. An announcement in New York today will give final

New York today will give final details of the issue price which will be at a spread of between 38 and 40 basis points over the equivalent US government issue. Shortly thereafter, the syndicate will break and the bonds will trade freely in the. US and Euro-markets. The two lead dealers have commitments of \$150m, while other participants have \$75m. The 14 members of the under-writing group spent yesterday Wo UKA

The 14 members of the under-writing group spent yesterday sounding ont institutional investors on the precise spread at which they would buy the bonds. Some of the group said this was futile as demand was so strong they could sell paper on an even tighter spread. One

NE NE	W INTE	RNATIC	NAL	BOND	ISSU	ES
Borrower. US DOLLARS	Amount m.	Coupon %	Price	Newsty	Fees	Book runner
World Bank(d)♠ Gredit Local(d)●	1.5bn 250	lc) e3	C} 101.65	1998 1999	3g/3g 2/13g	Deutsche Bank Gap.Mkts Paribes Gepital Markets
NEW ZEALAND DOLLARS	60	13	102	1992	112/1	Hambros Bank
D-MARKS Asian Development Bank(a):	200	-1560	100.10	1999	20/10bp	Deutsche Bank
SWISS FRANCS Kaufhor Finance NV(b)++	129	a .	148	,1996	n/a	UBS
SWEDISH KRONA Eurofima(d)	\$00	. 11	1813	1992	134/3	PKbanken

1000.2 be exercised into one share at DNI430. c) Coupon and issue price will be fixed today. d) Non-callable.

cynical trader pointed out that the deal was effectively sold thought unlikely as auch a out weeks ago after extensive . pre-marketing to institutions by the World Bank and the

thought unlikely as auch a move would damage the cru-cial public relations element of the deal. Amid such strong demand, there are unlikely to be inves-tors willing to sell their bonds if, or until, the price increases to a level where they can take profits. "This will initially be a bid only market, because no-one will want to risk being taken short by displaying an offer price and having it lifted," said one syndicate man-ager. nderwriters. Mr Donald Roth, World Bank treasurer, said in London that he was confident the bonds would find good demand and that the deal offered both enhanced value to investors and a reasonable profit for underwriters which receive a fixed % point commission.

Most speculation yesterday centred on what will happen to the bonds after today's fixing. Demand has reportedly been so good that the World Bank must be tempted to tighten the While the US-style re-offer-ing technique is hecoming more accepted on the Eurobond market, Paribas Capital Markets gave a reminder that launch spread and gain cheaper funds. However, this is the traditional underwriting and commission structure can

still work effectively when it launched a \$250m 10-year deal for Credit Local, the French

local authority lending agency. Paribas made no secret of warrant attached offering dif-ferent exercise periods. The the fact that it was taking advantage of strong demand for 10-year dollar paper from investors which think they are unlikely to be allocated any World Bank bonds. The Credit Local bonds were offered with an 8% per cent bonds with warrants were quoted by UBS at a discount of less % hid to the high issue price of 148 points. In Germany, a DM200m 10-

year floating-rate note issue hrought for the Asian Developcoupon and were priced at 101.65 to yield some 66 basis ment Bank by Deutsche Bank had a slow reception amid comments that the pricing was points over the equivalent Treasnry issue. Traders reported good demand and the aggressive. The bonds offered a yield of 15 basis points below six-month Libor. The lead manlead manager was quoting the paper at less 1.85 bid, comfortager was quoting the bonds at 99.85 bid, just outside fees of 20 ably inside 2 per cent fees. The proceeds were swapped into floating-rate French francs. basis points. Proceeds were swapped into fixed-rate yen.

Philippines \$50m fund launched on A Parihas official confirmed that the borrower had decided not to follow a re-offering style London SE syndication on the grounds that the technique is not fully established. Nevertheless, the **By Andrew Baxter** syndication borrowed from the

BANQUE Indosuez, banking subsidiary of France's Groupe Suez, yesterday launched its \$50m Manila Fund, the first such fund for international investors to be qnoted on a hig international stock exchange. The fund, registered in the Cayman Islands, will be listed on the London Stock Exchange. It follows the success of two other recent Indosnez funds, the \$100m Siam Fund and the \$35m Malacca Fund, and aims to tap growing interest from UK institutions in investing in sonth-east

Asia. Mr Robert Lloyd George, managing director of Indosuez Asia Investment Services, said that the closed-end fund will facilitate foreign portfolio investment in the Philippines. "The market is open to foreign investors, it is just difficult to trade in." The fund will run

for seven years. Mr Lloyd George said that President Cory Aquino had proved the point of political stability over the past 2¹/₂ years. The peso was stable against the US dollar and the tober stock market was helatedly waking up to developments in the real economy. "The wait and see phase has been replaced by Let's invest," he

Asda announces financing details for Gateway deal

By Andrew Freeman

ASDA, the UK supermarket and food retailing group, has announced financing details for the hulk of its £705m (\$1,085m) acquisition of 61 Gateway stores from the Isos-celes group which took control of Geteway earlier this year.

There are three main elements of the Gateway financing. National Westminster Bank will be the arranger of an extension to £500m of the company's existing five year £200m multi-option facility, while Swiss Bank Corporation has been mandated to syndicate a £250m transferable-term loan facility which will be fully drawn. Of these funds, £500m

is committed. After completion of the acquisition, Asda plans to issue a £150m vendor placing of convertible capital bonds on the UK domestic market. War-hurg Securities will be the lead manager, and final terms will be fixed for launch in mid-Oc-

Mr Ron Scott, Asda's gronp finance director, said: "In addi-tion to the Gateway transaction, the short-term borrowings have to be seen in the context of our cash requirements for the rest of the business and our property financing plans." A shareholders meeting to

mining company, plans to raise

up to \$200m through a Euro-commercial paper programme in the first approach of a Bra-

zilian government company to the market since the onset of

CVRD decided to raise finan-

cing abroad because local real

interest rates are high and

because it wants to prepare the

international bond market, is

LONDON TRADED OPTIONS

the Latin deht crisis in 1982.

CVRD to raise \$200m

approve the Gateway acquisition will he held in the week of October 9. The multi-option facility organised by NatWest carries a

margin of 12½ basis points and a facility fee of 7½ hasis points. A 5 basis point utilisation fee will become payable if average use rises above 50 per cent.

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The loan, arranged by Swiss Bank Corporation, will consist of three tranches, the first £125m maturing after one year and two equal tranches matur-ing after two and three years respectively. Banks have been invited to submit bids to par-ticipate in the tranches subject to maximum margins of 121/2 171/2 and 20 basis points respec-

tively. ● Swire Pacific, the Hong Kong trading house, bas nego-tiated its first underwritten loan, a five-year HK\$1.5bn facility in the form of transfer-able loan certificates, Reuters reports.

The company confirmed that the issue will be priced at 25 basis points above the Hong Kong Interbank Offered Rate with a commitment fee of 25 basis points above Hibor. The loan will be used mainly for property development, Swire

US Treasuries register small losses at short end

By Karen Zagor in New York and Rachel Johnson in London

US TREASURY honds were narrowly mixed yesterday, reg-istering small losses at the short end of the yield curve and slight gains at the long end. In mid-session trading, the

GOVERNMENT BONDS

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bellwether 30 year bond was up a point at 100k, yielding 8.07 per cent. At the short end, the losses through noon with thi changing hands DM1.9515, down two-year issne was i point lower, yielding 8.09 per cent. Fed funds, the rate at which hanks lend to each other, changed hands at 81 per cent throughout the morning. The Enderth Paceme did not onter DM1.9770. Federal Reserve did not oper-ate in the money market. The target range for the finnes is still thought be be 9 per cent to

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3. 4

week's excitement when the								-		
cash-flow crisis at Campeau	BENCHMARK GOVERNMENT BONDS									
Corporation triggered heavy losses in this high-yield sector. "There are some bottom-		Compon	Red Date	Price	Change	Yield	Week ago	M		
feeders nibhling around, hnt the excitement seems to be	UK GILTS	13.500 9.750 9.000	8/92 1/98 10/08	105-28 96-23 96-14	-1/32 +5/32 +10/32	11.15 10.34 9.41	11.08 10.32 9.40	1099		
over for the moment," said one trader. However, another ana-	US TREASURY .	8.000 \$.125	8/99 8/19	99-13 100-15	-1/32	8.09 8.08	8.13 8.08	8		
lyst warned that there was still plenty potential for volatility.	JAPAN No 111 No 2	4.600 5.700	6/98 3/07	95.3857 104.7745	-0.167 -0.001	5.38 5.18	5.35 5.16	5		
The dollar posted moderate losses through the early after-	GERMANY	6,750	6/99	98,7000	+0,150	6.93	6.89	8		
noon with the US currency changing hands at Y145.75 and	FRANCE BTAN OAT	8.000	7/94	96.3758 96.9700	-0.110 +0.070	8.94 8.58	8.71 8.45	8		
DM1.9515, down from its earlier	CANADA "	9.500	10/98	99,7500	-	9.54	9.49	8		
London high of Y146.91 and	NETHERLANDS	7.250	7/99	99.9300	+0.030	7.28	7.20	7		
DM1.9770.	AUSTRALIA	12.000	7/99	92,8362	-0.849	13.32	13.05	<u>_</u> †\$		
The UK government bond	London closing, "o Yields: Local mark				eesion IS, UK In 1	i2nds., c	thers in	dec		

The UK gov market had a reasonable day at the longer end, with bonds duein. 2000 moving up A. The shorter end staged a late recovhelped to underpin the modest gains, although the PSBR announcement of 1700m was exactly what the market had ery to move up it, in slower trading. News of the Bank of 9% per cent. All was quiet in yesterday's junk hond market after last reassuringly narrow range been expecting.

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week's excitement when the

12.20

1.0	Compon	Red Date	Price	Change	Yield	Week ago	Month
LTS	13.500	8/92	105-28	-1/32	11.15	11.08	10.63
	9.750	1/98	96-23	+ 5/32	10.34	10.32	9.98
	9.000	10/08	96-14	+10/32	9.41	9.40	9.14
EASURY .	8.000	8/99	99-13		8.09	8.13	8.17
	S.125	8/19	100-15	-1/32	8.08	8.08	S.15
No 111	4.600	6/98	95,3857	-0.167	5,38	5.35	5.01
No 2	5.700	3/07	104.7745	-0.001	5.18	5.16	4.96
ANY	6,750	6/99	98,7000	+0,150	6.93	6.89	8.76
E. BTAN	8.000	7/94	96.3759	-0.110	8.94	8.71	8.63
OAT	8,125	5/99	96.9700	+0.070	8.58	8.45	8.44
24 -	9.500	10/98	99,7500	-	9.54	9.49	8.44
FLANDS	7.250	7/99	99.9300	+0.030	7.28	7.20	7.09
ALIA	12.000	7/99	92,8362	-0.849	13.32	13.05	13.01

Technical Dute/ATLAS Price Sources

With the D-Mark strengthening throughout the day, the German government bond mar-ket eventually made good iniin price from last Friday. tial falls of between 10 and 20

pfennigs. The improvement in bunds resulted mostly from dollar weakness and a better day for the Bund futures market in reaction to the day's fixings. Most secondary trading was hesitant, however, in advance of Thursday's Bundesbank meeting on monetary pol-icy and today's decisions on repurchasing agreements.

newer method - the group consisted only of co-lead man-

agers, removing the need for a praccipuum. and members were initially asked not to offer

the bonds below less 1.60. In Switzerland, a SFr129m

equity warrants deal for

Kauthof Finance was launched by UBS to a good reception. The borrower is a subsidiary of

the European department store

Each bond has two types of

chain.

Continuing bearishness in Sydney sent the futures market lower yesterday amid heavy selling in advance of Thursday's announcement of the current account deficit --widely expected to be A\$2hn. The December 10-year bond closed at 86.740, down from 86.930 at opening. The yield on the benchmark bond July 2000 has moved 40 basis points in the lact the product for 12.80 the last two weeks, from 12.80 per cent to yesterday high of 13.25 per cent, dropping a point

said. The fund intends to be realistic about the stocks available for purchase, and will concentrate on the 35 liquid stocks, for which Indosnez has largely had to develop its own research hase. Taking a long-term view, Mr Lloyd George said the export sector of the Philippines economy, particularly the textile sector, would be a key area for invest. would be a key area for invest-

ment. The fund comprises 5m shares of one US cent par value, priced at \$10.40 aplece. Banque Indosnez and the International Finance Corporation, affiliated to the World market for future issues. CVRD, once active on the Bank, have underwritten 3.8m shares, and Indosnez is arr-anging placing of the other

expecting to pay about % per-centage point over Libor in an Mr Lloyd George expects 70 operation co-ordinated by JP Morgan. Fuji Bank will guarantee the paper, which is to be launched per cent of the fund's shares to be held in the UK. It may take 12 months or more for the fund to become fully invested.

بسنج حيليد مدبدر سنستنيذ نشيبو والا بعط

By John Barham in Sao Paulo COMPANHIA VALE do Rio Doce (CVRD), Brazil's leading on September 25. Maturities will vary from a minimum of 30 days, but the company guar-antees that the paper can he rolled over for a maximum of two years.

Brazilian subsidiaries of mul-tinational companies have successfully sold commercial paper guaranteed hy their headquarters on the international market. But until now, the Brazilian central bank has turned down requests by state companies to issue paper abroad.

The banks will hack the CVRD issue with cash tied up in the compulsory trade lines opened to Brazil as part of its \$115bn foreign debt restructuring package.

FT-ACTUARIES SHARE INDICES

LONDON MARKET STATISTICS

RISES AND FALLS YESTERDAY

These Indices an the Institute							British Funds661629THE LONDON Treded Oplions Market passed an exceptionally sleepy day, even by its own recent somnolent standards. The
EQUITY GROUPS	Monda	y September :	18 1989	Fri Sep 15	Thu Sep 14	Wed Year Sep ago 13 (approx)	Totals
& SUB-SECTIONS		Est Gross Earnings Div. Yield% Yield%	Est. P/E xd ad Ratio 1989			•	merkel were well below normel, two weeks to clinch the super- with only just over 310m sheres store purchase trom Gateway. calle and 335 puts. exchanged. A good proportion of yester- In BP, where Interest is sus-
Figures in parentheses show number of stocks per section	No. Change	e (Max.) (Act at (25%)	Est. P/E xd ad Ratio 1989 (Net) to dat	e No.	Index No.	No. No.	LONDON RECENT ISSUES Options turnover wee just dey's business was in the Sep- 19,516 contracts, of which most tember 220 calls, which recorded uring plens, the busies series
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UK COMPANY NEWS - THE PROBLEMS AT FERRANTI

Versed in the art, and science, of defence

David White fills in the background of Ferranti in its various fields of expertise

NEW International Institute for Defence Procurement Studies. being formed in London, so fai has only one industrial participant – Ferranti International Signal. In the light of what has emerged over the past few days, the company itself will make an excellent case study. Any lessons that may be drawn ,however, may come too

Ferranti has become increasingly dependent on its defence activities, moving out to grasp the business of providing com-plete integrated systems and aiming to set itself up as a mis-

sile supplier as well. But, even before facing the implications of "irregularities" at its ISC Technologies offshoot, it has already had its share of setbacks.

While retaining a crucial importance for the UK Minis-try of Defence in areas such as airborne radar, laser targeting devices and underwater sonars, it has fallen victim to the tough competition being nurtured by the ministry and faces uncertainties in other projects where it has heen counting on significant busi-

Defence, ranging from pilots' night-vision goggles to components for mines, currently represents three-quarters of Fer-ranti's fibn annual turnover. and the company relies on a flow of major UK orders to sustain its research and development. The cost of company-funded development soared 60 per cent to 558m in its last financial year.

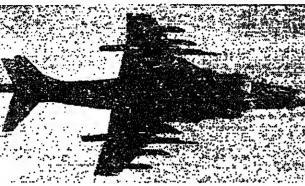
group.

systems.

Aircraft (EFA).

Shipboard command and control systems for the Royal Navy are one area that had become virtually a Ferrantl monopoly, All the Nevy's current surface ships and submarines, barring some minesweepers, have Ferranti systems.

But in 1986 it lost an £85m



The RAF's latest British Aerospace/McDonnell Douglas Harrier GR5, now deploying in the field in West Germany. The inertial navigation system, mission video-recording system, moving map display, night-vision goggles and automatic test equipment all come from Ferranti.

man-led alternative for the deal. The Ferranti-designed radar has been backed by the UK, Italy and Spain against a proposal from AEG of West Germany hased on a US Hughes system. The AEG con-sortium includes GEC-Marconi, Ferranti's chief UK rivel contract for a new submarine system and this year a £150m contract for a new frigate system - having had its own inj-tial project aborted. Both con-tracts were awarded to a consortium led hy Dowty and the Anglo-French company Sema Ferranti's chief UK rival. Ferranti had hoped to use

The UK recently agreed to reconsider whether the Ger-man proposal could be devel-oped to meet the RAF's strinthe UK frigate project as a plat-form for exports, but immedi-ately afterwards Australia placed its frigate systems husi-ness with the Swedish Bofors gent requirements.

Ferranti's own problams have now cast further douht over its prospects. A decision is In this sector this leaves Ferrantl relying principally on upgrading work on current already several months overdue. This, with its possible cost implications, has increased In airborne radar, a big quesspeculation that Boun might tion-mark hangs over the deal which would keep Farranti pull the plug on tha whole four-nation project.

Ferrand's expertise in rader goes back to the Second World War. In the late 1950s it pro-duced the world's first highhusy into the next century and enable it to concentrate resources on new research: the radar for the European Fighter power monopulse radar for the supersonic Lightning fighter.

The contract - eventually worth more than fibn - is due to be discussed in West Ger-Its £180m Blue Vixen radar, conceived after the experience many on Thursday by Mr Tom of the Falklands conflict to give much greater capability to the Navy's Sea Harriers, is due King, the defence secretary. The UK appears to have softened its stance against Bonn's dogged defence of a West Gerto go into production shortly. This is the radar from which

Ferranti's EFA proposal has evölved.

Another new radar, Blue Kestrel, is under development for the Navy version of the Anglo-Italian EH101 helicopter, hut that is another project beset by prohlems and uncer-tainties. Ferranti's current production work in radars is principally for exports of the

well-tried Lynx belicopter. Winning the EFA contract would enable Ferranti to con-centrate resources on further radar research. Losing it would ohlige it to fall hack on short-term business to keep its work-box occurried workshops occupied.

Despite these substantial clouds on its horizon, Ferranti has some recent successes to its credit.

its credit. It won the bidding in July for the Sonar Type 2075, to be fitted in the Navy's latest Upholder class diesel patrol submarines, which are due to enter service in the 1990s – the first Ministry of Defence contract for a completely inte-grated system. This followed initial deliveries of Ferranti's surface-ship Sonar 2050, due to be fitted to all the Navy's new Type 23 frigates, and retro-fit-Type 23 frigates, and retro-fit-ted on its current Type 22 ves-sels and the more recent of its

Type 42 destroyers. In the last few years Ferranti has built up its capability in the "wet end" of sonar systems - the underwater sensors - to match the "dry end" of inboard processing and displays. By being able to provide completa sonar systems it constitutes the main competition in the UK for Plessey, now to he absorbed by GEC-Marconi.

Ferranti says that the only other companies in the market with this kind of capability are Krupp Atlas of West Germany, Raytheon of the US and Thomson-CSF of France, in the avionics field, Ferranti

has won contracts worth about \$50m for the mid-life update of

the RAF's Tornado GRI the HAF'S Tornado GRI ground-attack aircraft. This meant displacing Smiths Indus-tries for supply of the aircraft's head-up display – for the pro-jection of key data. This is a field in which Ferranti was a relative latecomer hut has moved into the front rank.

Ferranti navigation equipment is in service throughout the RAF – including the latest Harrier GR5 and both the ground-attack and air-defence versions of the Tornado – and in the Fleet Air Arm. Here too, it is bidding in a team for the EFA contract.

Marconi was chosen last year – against strong US competi-tion – to provide a Thermal Imaging Laser Designator "pod" for the Tornado. This enables the navigator to focus or a struct

in supplying weapons and sub-systems following British Aerospace's takeover, also in 1987, of Royal Ordnance. It is now hoping to hold onto a contract which ISC won with

the United Arah Emirates, believed to involve a new fam-ily of air-to-ground weapons and to be worth several hun-

dred million dollars. Production for this contract would be carried out in tha

Silence in the City as it watches the continuing uncertainty By David Barchard THE UNCERTAINTY surput our name to the merger if rounding Ferranti Interna- we had not thought that ISC

make.

rounding Ferranti Interna-tional Signal, the shares of which were suspended last week, showed no signs of clear-

ing in the City yesterday. All of the principal parties to Farranti's merger with Interna-tional Signal and Control in 1987, remained silent, waiting for a further announcement

make." Fleming acted as adviser to ISC from its stock market flota-tion in 1982, later handling the acquisition of Marquadt, a West Coast American rocket components company, as well as its firet rights issue. Mr Banks sold that Flem for a further announcement from the company itself. Peat Marwick, one of the two accountancy houses which audited tha accounts of ISC, yesterday said that it was not possible to comment at this stage. It said the two partners in the firm who had been most directly concerned with the merger were travelling and not available for comment. Mr Lawrence Banks, deputy Mr Banks said that Flem-ing's links with ISC had faded after the merger and he had not been in contact with any of its principal figures in the last

Mr Lawrence Banks, deputy chairman of Robert Fleming, the City merchant bank which acted as adviser to ISC, was few weeks. However Fleming remains one of the principal sharehold-

"We can only say more. "We can only say that we did not initiate the merger discus-sions between Ferranti and ISC. But we would not have

Ferranti situation closely yes-terday, but said that as yet was a sound company," he sald.

tors to form a comman "The key question for us is "The key question for us is what the financial conse-quences of all this will be for the company's trading posi-tion. Yet no one has any idea." However, Mr Banks added: "Until we are given further information about what has happened, there is no further comment that I can

there were no moves by inves-

tion. Yet no one has any 1028." said one fund manager. However, several City ans-lysts, while warning that the situation was still far from clear, agreed that a private sec-tor bail-out for Ferranti was increasingly likely. Mr David Gibbon, invest-ment analyst at James Capei, said that Thomson-CSF, the French state-controlled elec-tronics group, was one possible

French state-controlled elec-tronics group, was one possible contender for an eventual take-over, but other possible bayers could include Ford Aerospare in the US or GKN in the UK. "It all depende what the costs involved are and how much bailing out there is to do." he said.

ers in Ferranti, with a stake of 25m or about 3.35 per cent of the group's total capital. Meanwhile, asset managers in London were watching the

A major force snatches disaster from the jaws of success

FERRANTI'S merger with International Signal and Con-trol in 1987 was hailed as a natural marriage, even if its motivation for Ferranti was hasically defensive, writes David Barchard.

Both companies were military electronics contractors, hut seemed to overlap very lit-tile. With 59 per cent of the combined group, Ferranti'e control of it was assured. Before the merger, ISC had enjoyed a mixed reputation

during its five years as an indeduring its nive years as an inde-pendently quoted company. The persistent refusal of Mr James Guerin, ISC's founder, to give any details of his cus-tomer base had led him to seek a etock market listing in London rather than New York for a company which York for a company which had started life in his cellar.

ISC's shares rose rapidly during the years after 1982 but British investors were deterred by Mr Guerin's secrecy. Early in 1987, when ISC produced disappointing results, its share price tumbled by a quarter in

less than an hour. For Ferranti, somewhat demoralised by Government retrenchment, the merger cushioned it against its former dependency on the UK Minis-try of Defence and possible future failure to win important

share swap, Mr Guerin and his the Type 23 frigate command and control system. A new group thus came into

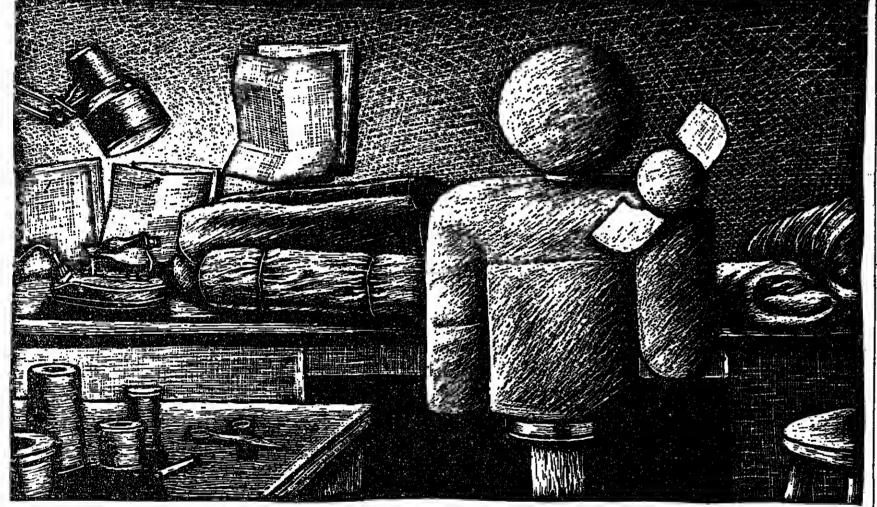
associate, Mr Clyde Ivy, became one of the largest indi-vidual shareholders in the new A new group this came into being with a market value of £1bn. It was halled as a major new force in glohal defence industries, with 26,000 employ-ees in a dozen countries and an order book worth more than £1.5bn. group. However the merger was quickly followed by the Octo-ber 1987 stockmarket crash. Ferranti's first full year results

after the merger produced an increase of just under £10m for the combined group, with ISC contributing £18m and Ferranti Though Sir Derek Alun-Jones continued as chairman of the merged group, Mr £51.2m. Guerin took over as his deputy. As a result of the merger, done on the basis of a nine-for-five

Future hopes were increas-ingly planed not on defence contracts but on the Zone-phone, a cordless telephone, due to be put on the market in 1990 at a cost well below that of cellular telephones.

When Mr Guerin and Mr Ivy left Ferranti International Signal in May after 18 months with the merged group, their decision was said by Ferranti at the time to reflect Mr Guerin's preference for working as an entrepredeur in a small privately-owned com-pany. Mr Guerin took with bim two small companies in the group, ISC Technologies and a 60 per stake in Electronic Systems, a small Nigerian group.

At the time of his resignation this spring, Mr Guerin owned 31.8m shares in Ferranti International, about 4.26 per cent of its capital. But Mr during July and August.



The company also plays an important part in supplying advanced electro-opticial equipment for targeting. A Fer-ranti-led joint venture with British Aerospace and GEC-

on a target. One area that Ferranti has tried to build up since the 1987 merger with International Signal and Control is that of guided missiles, through its subsidiary Ferranti International Dynamice. This has

shared its headquartars at Hanworth in Middlesex with ISC Technologies, the company at the centre of the contracts

affair. Ferranti set out to make itself into an alternative force

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Fighter Aircraft radar contract working

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UK COMPANY NEWS

UK.

All-round growth behind Steetley's rise to £50m

decade.

By Andrew Taylor, Construction Correspondent

STEETLEY the UK building planned major increases in materials group, which has very strong market positions in France and Spain, increased pre-tax profits by 40 per cent to \$50.98m in the six months to the end of June.

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the end of June. Steetley is the biggest pro-ducer of aggregates and hard rock in France. It also has 30 per cent of aggregates market and 25 per cent of the ready-mixed concrete market in Mad-rid, one of Spain's fastest grow-ing construction markets. ing construction markets.

The group's biggest markets. The group's biggest market remains the UK which accounted for 69 per cent of operating profits in the first half UK profits rose by 27 per cent to £36.57m. French profits increased by 29 per cent to increased by 28 per cent to 57.2m while profits from other Continental markets, mostly the Madrid aggregates and ready mixed concrete busi-nesses, jumped from £628,000 to 53.2m

Mr David Donne, chairman, said Britain, France and Spain, would grow more slowly in the

spending on road and rail construction during the next

In May the Government announced plans to spend £12bn on motorway and trunk road improvements. France intended to build or upgrade

3,000 km of motorways and trunk roads by 1996. France also proposed to build 720km of high speed rail track hy 1998. Spain planned to build 2,400 km of motorways by 1999. There also plans to create 2,500 km of high speed rail track. Mr km of high speed rail track. Mr Donne said Steetley'e aggre-gate, rock and concrete busi-nesses' would greately benefit from increased European expenditure on infrastructure. Group turnover rose by 29 per cent to £322m. Earnings per share rose by 20 per cent to 21.7p. The interim dividend islifted from 4p to 4.75p. Mr Donne warned profits

Housing slowdown holds

second half of this year due to falling demand for bricks as a result of the slump in housebuilding in the UK and in the north east of the US.

COMMENT

Steetley has been one of the more popular building materi-als stocks in recent months and rightly so. Only 20 per cent of worldwide profits is tied to UK housing while it has strong positions in the UK, France and Spain at the heavier end of building materials. These will all benefit from increased spending by the three coun-tries on infrastructure. Much of this good news, however, is well known and is already reflected in the share price. Sales of bricks in the UK held Sales of bricks in the UK held up surprisingly well in the first half but cannot defy gravity for ever. US profits will also remain flat with the housing

which puts the group on a p/e of more than 9 on pre-tax prof-its of between £106m and £110m for the year.

interests with £10m buy By Maggie Urry PEARSON, the publishing, investment banking and indus-trial group, which owns the Financial Times, yesterday announced two acquisitions Smith, the retail and distribu-

Pearson expands book

Smith, the retail and distribu-tion group, for \$14m (£8.9m). In the UK it is paying \$2.15m for Godfrey Cave, a private company with venture capital backing. Mr Malcolm Field, group managing director of W H Smith and the strategy man for cash taking it into the bargain and remaindered books market in the US and Mr Peter Mayer, chief execu-

books.

copyrights." In the US it is buying WH Smith Publishers, part of WH

The company, which has been regarded as a cash shell since chents of MIM fund man-

agement group built up a 23.2 per cent stake early in 1988, is to buy Mid-State Automotive

Distributors for an initial pay-ment of £24.2m. Further pay-ments of up to £6.4m will be made over the next three years.

Mid-State, based in Nashville, Tennessee, is a wholesale automotive parts distributor carrying about 158,000 items of stock. It also runs a chain of 50 retail automotive parts stores. In 1988, Mid-State made profits before tax and exceptional items of \$7.3m on turnover of \$54m

By John Thornhill

loss-making distributor of record styli and audio prod-

to fund US deal

DSC HOLDINGS, a small tlement of 9.43m shares, while

DSC's sbares were suspended at 81p at the end of August pending the announcement of this deal. At thet time the company had a market value of £6.3m, just over one-fifth of the size of Mid-State. It will finance the acquisition by raising £30.5m by way from 3p to 4p for a total of 6.25p (4.75p) for the year.

of a a 26-for-five rights issue at a price of 75p per share. MIM has agreed to take up its enti-

U.S. \$190.000,000 1 ½ per cent Convertible Bonds Due 2002 (the "2002 Bonds") DSC calls for £30m U.S. \$100,000,000 3½ per cent Convertible Bond's Due 2003 (the "2003 Fionds")

NOTICE TO THE HOLDERS OF

THE HOKURIKU BANK, LTD.

29

(the "2003 Fionds") Pursuant to Clause 7 (B) of the Trust Deeds dated 30th June, 1987 for the 2003 Bonds, notice is hereby given a: follows: 1. At the meeting on 24th August, 1989, the Board of Directors of the Bank resolved to issue new shares of its Common Stock to shareholders of record a 3 of 30th September, 1989 Tolyo time, at 1: consideration per share Yen 650,00. The issuance of new shares of Common Stock will become effect-ive on 30th November, 1989. 2. Accordingly, the Conversion Price of the Bonds will be at justed effective as of October 1, 1989. The conversion price in effect prior to such add strement is Yen 1,202 Diper share of Common Stock for the 2002 Bonds and Yen 1,160.00 per share of Common Stock for the 2003 Bonds. The adjusted conversion price will be Yen 1,232.10 per share of Common Stock for the 2002 Bonds and Yen 1,107.00 per share of Common Stock for the 2003 Bonds. The adjusted conversion price will be Yen 1,233.00 per share of Common Stock for the 2002 Bonds and Yen 1,107.00 per share of Common Stock for the 2003 Bonds. The adjusted conversion price will be Yen 1,233.00 per share of Common Stock for the 2002 Bonds and Yen 1,107.00 per share of Common Stock for the 2003 Bonds. The adjusted conversion price will be Yen

THE HOKURIKU BANK, LTD. By: The Bank of Tokyo Trust Company as Trustee

1988. DSC also announced it is to Dated: September 19, 1989 sell two of its original busi-nesses, Pollards Jewellers Ser-vices and RAKS Distribution.

The future of its other two trading subsidiaries. Team (Audio) and Diamond Stylus, is also heing reviewed as the directors have said they do not expect them to make a signifi-cant contribution to the

Smith New Court Corporate

Finance will underwrite the remaining 31.26m shares. Mer-

chant Navy Pension Funds,

with a 17.2 per cent holding in

DSC, has also agreed to take

up its entitlements. Lord Stevens and Mr Chris-

topher Mills, two of DSC's

directors, will each receive a payment of £150,000 as a fee for

their work towards the acquisition. Neither, however, has received any other fees since joining DSC's board in March

enlarged group's results. Because of difficulties with listing requirements (relating to problems of recording Mid-State's stock flows over the past five years), DSC will be admitted to the Third Market on its relisting. It will change its name to Mid-States.

these developments will be songht at an extraordinary meeting on October 4.



HOMES FOR SALE

IN LONDON

appear every Saturday

on 01-873 4935.

Shareholders' approval for

By Andrew Taylor A SHARP dacline in househuilding restricted pretax profits growth at John Mowlem, the construction, househuilding and airport group, to just 7 per cent at 22.5m during the six months to end-June. Sir Philip Beck, chairman,

said housebuilding profits were . £3m lower compared with the first half of 1988.

Mowlem also made a further £2.1m loss at the London City Airport. The company said the number of passengers was only about half the level needed to break even.

Profits from contracting and property sales more than compensated for the fall in house-building profits. Construction orders had risen by more than half to £1.2bn during the previ-ous 12 months. Sir Philip, however, was cautious about contracting prospects.

He was concerned that future commercial and industrial developments might be

The rate of the growth in the scaffolding and site access ser-vices businesses had slowed dua to falling demand from UK housebuildere. The perfor-mance of the comparable French business was encourag-ing, Sir Philip said.

O COMMENT

John Mowlem to £22.5m

Mowlem builds houses mostly in south east England where the recession in the housing market has lasted longest. Sales in the first half are down by about 45 per cent which has made a dent in profits. Fortunately contracting is on the upswing while the other construction related businesses, scaffolding and equipment hire have also performed well, despite slower growth in scaf-folding in the UK. In this respect Mowlem is not too much out of line with other construction companies which have contracting arms to offset lower housebuilding profits. Mowlem'e case however is



curtailed if the economy suf-lered as a result of high inter-est rates. Mowlem's case however is weakened by its investment in London City Airport which continues to make losses. The airport may eventually nince a worthwhile diversification but the company through to well into the second half of next year. Sir Philip said sharply increased workloads had led to an inprovement in contracting

United Friendly Insurance, the USM-quoted underwriter, increased pre-tax profits from \$8.24m to £10.11m in the six months to June 30. Total premium income of £112.48m (£81.8m) was boosted by a first-time contribution of £29.79m from pensions busi-ness. General hranch under-mriting profits slipned to remain flat with the housing market in the north east of the US as miserable as that in south east England. Steetley offers some of the best pros-pects of any UK building mate-rials group but may not be able to squeeze too much more at the moment from a share price which muts the group on a pie

writing profits slipped to £1.93m(£2.26m) and life profits were again set at £3.38m, being 50 per cent of the 1988 total. Earnings rose to 51.11p and the interim is lifted to 12.25p (0.65) (9.6p).

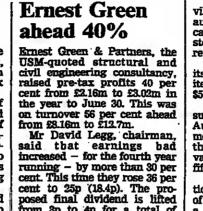
Pensions boost

Utd Friendly

Mr Peter Mayer, chief execu-tive of Panguin, Pearson's book publishing subsidiary, said "hitherto wa have lacked the capability of trad-ing directly with this impor-tant market sector, access to which will add value to some of our extering and futures The US company publishes bargain books and buys and distributes remaindered of our existing and future Godfrey Cave specialises in

ncts, hurst into activity yesterday hy announcing a large reverse takeover in the US to Smith, said its strategy was centred on retailing and distri-bution and the publishing intereste did not fit be funded by a £30.5m rights

the sale of bargain-priced reprints and remainders to the book trade. Ernest Green ahead 40%



an improvement in contracting margins in the UK.

but is unlikely to improve in the short term.

ship contributed pre-tax profits of £790,000. Evans Halshaw has

received £6.65m cash for the sale of its trading assets and

liabilities and an additional dividend of £1.5m.

The buyer is Mann Egerton, a motor distributor which does

Evans Halshaw £8m dealer sale

By John Thornhill

Evans Halshaw, the Birmingham-based motor dis-tributor, has sold its Ford car and truck dealership in Newport, South Wales, for £8.15m. The disposal was made in order to comply with Ford's franchising policy which does not allow an operator to run adjacent dealerships. Evans Halshaw will now

have seven Ford dealerships but plans to increase this to eight by means of acquisition. In 1988, The Newport dealernot currently operate any Ford dealerships. Evans Halshaw was asked to dispose of the dealership after it acquired an adjacent Ford dealership in Bristol from UBM Motors last July.

Move into industrial property buoys BHH

By Paul Cheeseright, Property Correspondent

GROUP, the. Stoke-on-Trent-based company which has been expanding rapidly into industrial property, yesterday announced profits more than doubled for the half

year to end-June. Pre-tax profits were £5.91m, compared with £2.72m to the 1988 first half. The share price failed to respond, however, and finished just 1p higher on the day at 144p.

BHH, once known as Berke-ley & Hay Hill Investments, pulled out of residential property lete last year when its homes division was taken over in a management buy-out. But. some of the land bank remained and it is sales of this and other land in the portfolio which helped trading turnover to rise from £17.4m to £27.6m.

But Mr David Fitzgerald. but Mr David Fitzgeraid, chairman, explained that next year trading income would decline to be replaced by a rise in rental income, which in the 1989 first half came to £6.05m. This is partly because the

This is partly because the average rent on, BHH's 4.5m square feet of industrial prop-erty is £2.75 a sq ft and will rise eubstantially as reviews come through. But, also, last March BHH completed the pur-chase of a portfolio from Slongh Estates and this is already providing a rising rental stream. rental stream.

value of £200m, Mr Fitzgerald said.

DIVIDENDS ANNOUNCED

•	Current payment		Correa - ponding dividend	Total for year	Total last year
bingworth	1.5	Nov 6	. 1.25	1.5	1.25
utomegic Hdgs §fin		. 4 2 - 7	4.25	6.5	S.5
erry Starquestint	. กไ	·	.2	-	4
HH Groupint	2	=.	1.25		4
rit Mohairint	1.4	Oct 27	1.4	-	8
omputer Peopleint	1.75	· -	1.45	-	4.85
fin	11	7 Nov 29	1.5	17	1.6
elgetyfin	10	-	S	16.5	15
SInt	2751		2.45		9:35
sher (James)	. 2	. :	1.95	· · · ·	3.85
ven (Ernest) §fin		Nov 27	8	6.25	4.75
chcepeint		Jan 2	2.75	-	9.25
chant M'lact §int			1	· -	3
intint		Jan 2	4.85	-	10.9
wiem (John)int		· -	5.25	• •	19.5
int		Oct 25		.	5
eelieyint		Nov 23	4	. •	11.5
d Friendly §		Nov 9	9.6		31.25

Earnings per share were 9.08p (5p). The interim divi-dend is lifted from 1.25p to 2p. The group's development programme had a completed

Preliminary Results

Year to 30th June 1989

Making the right moves

PRE-TAX PROFIT	£110.4m	UP 10.8%
EARNINGS PER SHARE	33.6p	UP 12.4%
DIVIDEND	16.5p	UP 10%

"This has been a good year for Dalgety ... I am confident that we are making the right moves to ensure our future success ... Growth in earnings per share and dividends are our key concern?

MAURICE WARREN GROUP MANAGING DIRECTOR



prop to the price. Conversely, there is the uncomfortable pra-

cedent of Tilbury's share price

UK COMPANY NEWS

Waiting for a change of balance

Nikki Tait analyses the strengths of both sides in the Tilbury/Lilley battle

F THERE is one point on which everyone agrees in the long-running £137m bid battle between Lilley and its

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nattle between Liney and its fellow construction company Tilbury Group, it is that the outcome will be close. The market, after all, is effectively saying so. As the bid heads for its close tomor-row - but with a possible final extension to Friday - Til-bury's share price closed at extension to Friday - Til-bury's share price closed at 643p, just 28%p below the value of the Lilley paper offer and 7p short of the 650p cash terms (excluding the early pay-ment of the 10p a share interim dividend). dividend).

dividend). One of the reasons for this equivocation is that neither company has really won the industrial argument. For once, the target company is not an ailing group, down on its luck. Even Lilley's chief executive, Mr Bob Rankin, concedes that be has little criticism of his be has little criticism of his target's record - beyond what he contends is the "narrowness" of Tilbury's focus. And, as rather more concrete proof of his esteem, the Lilley chief says he would hope to offer two of the four divisional man-Tilbury's future profits "may actually fall."

agement jobs to Tilbury men if he wins the day. Nor are vast immediate savings being sung as one of the deal's virtues. Lilley esti-mates that little more than points out that its recent strat-egy has produced four years of extremely commendable earn-ings growth, following the small profits dip in 1985. This, it maintains, has heen achieved by a fair degree of repositioning – a dozen acqui-sitions and disposals with a total worth of over \$20m - and fim of head office costs could be squeezed out as a result of the merger. Instead, the bidder is resting

its case on the more subtle point that Tilbury now has the wrong balance of business to total worth of over £60m - and there is no reason why such "flexibility" should not congain the most advantageous position in the current, and impending, construction mar-

It denies that Linwood prof-its will be unduly humpy, talking of a "reasonably even It argues that, with property and housing accounting for flow" in future years. It argues almost 70 per cent of Tilbury's operating profits in the current year, that is an unhelpful that, on the contracting side, there is plenty of scope for picking up smaller-scale work weighting towards two areas of for example, for water the construction market which have peaked, it suggests that industry clients. Not least, it claims that its exposure to the by adding in its own (admit-tedly smaller) bulk, the com-bined group would have relatively healthy Scottish housing market, accounting for three-quarters of group sales, has insulated it from the depressed conditions further greater resources - and that this would then give added muscle in terms of bendering Looked at more objectively,

on the contracting side. And Lilley maintains that there is a certain sympathy among analysts for the broad contention that infrastructure some £30m could be found from asset disposals within Tilprojects and general contract-ing work will be the most sta-ble element in the overall conbury's property interests -notably the Linwood site out-side Glasgow and the 58m to

Lilley yesterday claimed control of 44.73 per cent of Tilbury. The figure includes valid acceptances accounting for 21.38 per cent of Tilbury's equity, as of 5pm yesterday evening. It also takes in a further 23,906 shares in the target company which were pur-chased yesterday on Lilley's behalf by Salomon Brothers, its advisers, plus a further 1.06m shares bought by Salomon on its own account. Valid cover for these latest share purchases has yet to be received.

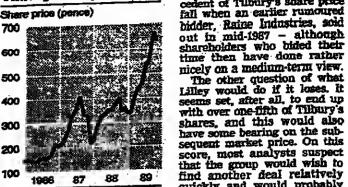
Yesterday, the Tilbury share price eased 1p to 643p, having risen to 651p at one stage, while Lilley shares were unchanged at 68p. Announcement of the latest level of control came after the market closed.

43.9p to 90.4p. While the construction side is expected to turn in a rise of

five-year period; that the hous-ing side should at least hold its ground; while prospects for the is expected to thin in a rise of 35 per cent, to £7.7m, property (including housebuilding) surges ahead to £17.1m (£7.8m), helped by the booking of an initial £5m profit on Linwood. contracting businesses are attractive. Warburg Securities, with no corporate allegiance to either side, suggests that 1990 profits could amount to £32.2m, with Linwood chipping in Lilley has not been slow to seize its opportunity. It has consistently described the fig-ure as "inflated," aided hy "a number of one-off asset dispos-als", and in one of the numer-

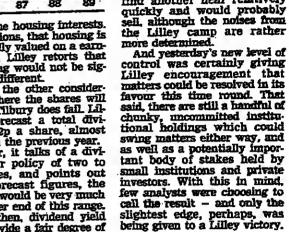
another 25m. That might leave earnings per share of 104.6p. This debate inevitably spills on to any consideration of the price offered. As Tilbury is ous circulars, suggested that the dependency on property and housing could mean that quick to point ont, the exit multiple of seven times forecast 1989 earnings looks mean - offering no premium for control. Lilley's preferred arithmetic is to say it is paying a 10 times multiple for the con-Tilbury's response is fairly simple. Not unnaturally, it points out that its recent strattracting side, and then to add in a £52m valuation for the property assets with a further

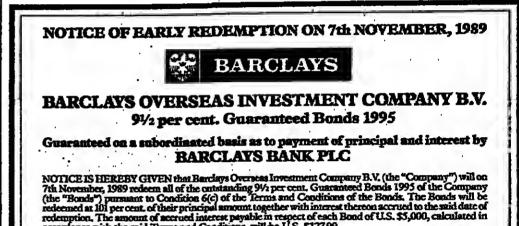
Tilbury Group Share price (pence) 700 600 • 500



\$22m for the housing interests To suggestions, that housing interests. more usually valued on a earn-ings basis, Lilley retorts that the price-tag would not be sig-nificantly different.

Perhaps the other consider-ation is where the shares will end up if Tilbury does fail. Lil-iey has forecast a total divi-dend of 32p a share, almost doubled on the previous year. Moreover, it talks of a dividend cover policy of two to three times, and points out that on forecast figures, the 1989 cover would be very much at the upper end of this range. In short, then, dividend yield should provide a fair degree of





HARCLAYS HEAVIN. FLC NOTICE IS HEREBY GIVEN that Barclays Overseas Investment Company B.V. (the "Company") will on 7th November, 1989 redeem all of the outstanding 9½ per cent. Guaranteed Bonds 1995 of the Company (the "Bonds") pursuant to Condition 6(c) of the Terms and Conditions of the Bonds. The Bonds will be redeemed at 10 per cent, of their principal amount together with interest thereon accrued to the said date of redeemed at 10 per cent, of their principal amount together with interest thereon accrued to the said date of redeemed at 10 per cent, of their principal amount together with interest thereon accrued to the said date of redeemed at 10 per cent, of their principal amount together with interest thereon accrued to the said date of redeemed at 10 per cent, of their principal amount together with interest thereon accrued to the said date of redemption. The amount of accrued interest payable in respect of each Bond of U.S. \$5,000, calculated in accordance with the said Terms and Conditions, will be U.S. \$127,99. Payment of principal and accrued interest will be made against anrender of Bonds at the specified office of any of the Paying Agents in New York City, such as such payment will be made either at the specified office of any of the Paying Agents in New York City, subject in each case to any applicable faceal or other laws or regulations of the country of the Paying Agent in New York City may be subject to applicable faceal or other specified office of the Paying Agent in New York City may be subject to applicable U.S. information reporting and back up withholding regulations. Bonds should be samendered nogeneer with all munatured Coupons appertaining thereto, failing which the amount of any missing numatured Coupon will be deducted from the sum due for payment. Any amount so deducted will be paid in the manner mentioned above against sortender of the relative missing Coupon within the period expring 6 years from the date enfoced on such Coupon as being its date of materity or, if longer, within

ill cease to accrue as from the said

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£ -

Mowlem

Half Year Results (unaudited)	6 months to 30th June 89	6 months to 30th June 88	% change
Turnover	£620.0m	£451.0m	+37%
Profit before tax	£22.5m	£21.0m	+7%
Earnings per share	16.4p	15.7p	+4.5%
Dividend	5.65p	5.25p	+7.6%

Construction and property development, private housebuilding, scaffolding and access services including manufacture, sale and hire of equipment, aviation.

Key Points from the Chairman's Statement:

Contracting - good growth in turnover and significant improvement in profits, particularly in regional businesses.

□ Private housebuilding - adversely affected by market conditions.

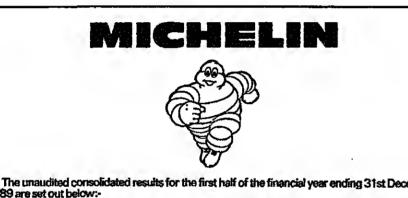
Scaffolding and access - growth in turnover and profits continue but some slowing in rate of growth in U.K.

Equipment and tool hire - sales and profits increase again.

London City Airport - planning application for extended range and faster aircraft now submitted.



For a copy of our interim statement write to James Ward, Company Secretary, John Mowlem & Company PLC, Westgate House, Ealing Road, Brentford, Middleser.



The unaudited consolidated results for	r the first half of the	financial year endi	1a 31st December
1989 are set out below:-			

	Six months to 30.6.89 £'000	Six months to 30.6.88 £'000	Year 31.12.88 £000	som portfolio of tenanted East London housing – which could he better deployed in expanding the specialist con-	are certainly fears that the ills	within the period expiring 6 years longer, within the period expiring would otherwise have become vo Save as provided in the said Terms date of redemption.	s from the date enfaced on such Coupor 7 I2 years from the said date of redemp id under the said Thems and Coudition and Couditions, interest on the Bonds y	as being its date of maturity or, if fon, whether or not such Coupon n. will cease to accrue as from the said
TURNOVER	363,570	342,317	662,766	struction services. The aim, says Mr Rankin, is to have "balanced" construc-			PRINCIPAL PAYING AGENT	
TRADING PROFIT	26,251	23,981	45,577	tion husiness, with equal		· · ·	Barcleys Bank PLC 54 Lombard Street London EC3P 3AF	T
Share of Profit of group Co.	1,985	1,027	847	weighting in general contract-	be on its own, there are (with		England	•
Share of Profit of related Co.	516	485	577	ing, specialist services, and housing/property. On projected	relatively few independent ana- lysts covering both companies)		PAYING AGENTS	
PROFIT BEFORE TAXATION	28,752	25,493	47,001	1990 figures, he estimates a 17-27-56 per cent breakdown -	two schools of thought - and a good deal rides on one's view	Algemene Bank Nederland N.V.		Banque Internationale
Taxation	9,551	4,779	7,700	suggesting some reshuffling	of Linwood. The pro-Lilley	32 Vijzelstraat 1017 HL Amsterdam	24 Avenue Marnix B-1050 Brussels Belgium	a Luxemboorg S.A. 2 Boulevard Royal
PROFIT AFTER TAXATION	19,201	20,714	39,301	Many of these arguments	camp suggests that the hous- ing element should be at least	Netherlands		L-2953 Luxembourg
Dividend	15,000	10,000	18,000	have heen usefully employed in Lilley's criticism of the Til-	be viewed warily, while point-	Banque Nationale de Paris 16 Boulevard des Italiens	Barclays Bank PLC 75 Wall Street	Dresdner Bank Aktiengesellschaft
RETAINED PROFIT	4,201	10,714	21,301	bury profit forecast. During the battle, the defending group	tion (dons for the bidder)	75009 Paris France	New York N.Y. 10265 U.S.A.	Jürgen-Ponto-Platz 1 D-6000 Frankfurt am Main 11
In the first half of 1989 the Company The factories increased output at production efficiency. Despite higher finished products available to the domes The replacement sales market was	all locations and them output, however, then tic market.	e were further imp e were continuing	provements in shortages of	forecast at least £27m in calen- dar 1989 – a heady increase on the previous £14.7m and well above previous market fore- casts – with earnings up from	of £15.5m on Linwood. By contrast, the pro-Tilbury	Date: 19th September, 1989	Union Bank of Switzerland 45 Bahnhofstrasse CH-8021 Zarich Switzerland Barelays O	Federal Republic of Germany verseas Investment Company B.V.
and a relatively buoyant demand for tru major categories and exports showed st	uck fitments. Original E	quipment sales we	re good in the		[· · · · · · · · · · · · · · · · · · ·
Associated Tyre Specialists continue In June the Company acquired Natio	d to make good progres	is.		1 1	-		110 010	- 000 000
Note: The results for the year anded 31 st D	ecomber 1988 are based o	n the full audited accou	unis filed with the				US \$12	5,000,000
Regetrar of Componies and on which the audito	ns gave an unqualified repor	2		The set	Leed	is I		
MICHELIN TYRE	PUBLIC LIMITEI	COMPANY		Construction of the second second	6200.000			NGC

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WEST MIDLANDS SPONSORED SECURITIES Yield % P/E Gross div (p) High Low Price The Financial Times 295 Ass. Brit. Ind. Ordinary. 28 Armitage and Rhodes 3.0 9.2 10.3 342 38 210 342 30 197 proposes to publish 2.2 19.1 5.5 6.8 7.7 10.5 10.6 43 67 59 110 140 147 7.6 103 149 o (SE) 121m 87 105 this survey on: 125 123 110 104 305
 104
 100
 Breshill 84, % New C.C.R.P

 305
 285
 CCL Group Ordinary

 176
 168
 CCL Group 11% Conv.Pref

 220
 140
 Carbo Pic (SE)

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 109
 Carbo Pic (SE)

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 123
 L25
 Montibuose NV (AmstSE)

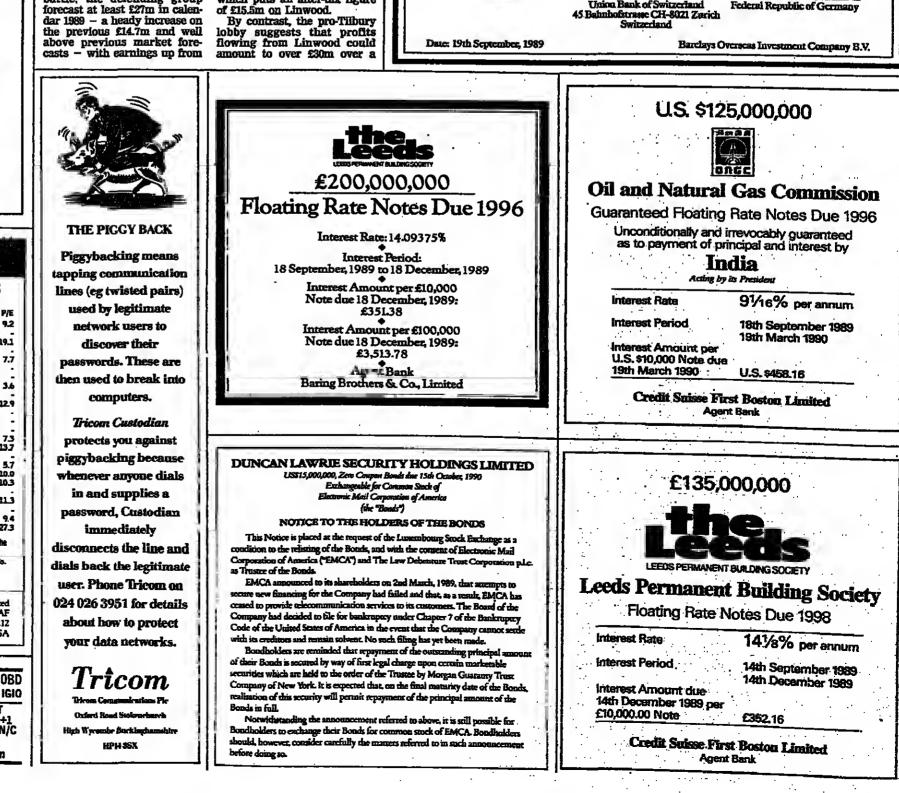
 132
 261
 Montibuose NV (AmstSE)

 146
 39
 Robert Jorking
 18th October 104 5.1 3.6 8.7 3.5 12.9 9.4 289 1989 220 110 4.0 2.0 For a full editorial 8.0 3.6 128 118 295 158 63 73 3.0 137 synopsis and advertisement details. 6.3 5.7 5.0 10.0 3.2 10.3 9.7 . 2.6 11.3 6.8 . 5.7 9.4 5.0 27.3 10.0 18.7 9.3 10.7 2.7 9.3 please contact either: 3702 270 Torday & Carlisle 100 Torday & Carlisle Car Pref 92 Trentan Holdings (USND 295 110 270 Paul M. Jefferis or 117 100 122 105sm 137xd 385 327 Anthony G. Hayes Vetericary Drug Co. Ltd ____ 22.0 16.2 395 355 Vetericary Dr. 370 327 W.S Yestes ... on 021-454-0922 -i Securities designated (SE) and (USM) are dealt. In subject to the roles and regulat ons of The ISS. Other recursion lister alone are dealt to unifed to the roles of TSA. There securities are dealt in strictly on a matched bargain basis. Nethor Limited nor Granville Davies Limited are saried makes in these securities. or write to them at: ein bash. Neither G These securities are dealt on a restricted basis. Further details a George House Granville Davies Limited 77 Manuell Street, London El 8AF George Road Granville & Co. Lin 77 Mansell Streer, London E1 8AF Telephone 01-488 1212 Member of TSA Edgbaston Telephone 01-488 1212 Member of The ISE & TSA G **Birmingham B15** ĪPG I.G INDEX LTD, 9-11 GROSVENOR GARDENS, LONDON SWIW OBD Tel: 01-828 7233/5699 An AFBO member Reuters Code: IGIN, IGIO FINANCIALTIMES
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Far East.

MARKET

RESEARCH

The Financial Times proposes to publish this

NOVEMBER 14 1989

For a full editorial synopsis and advertisement

details, please contact;

NEVILLE WOODCOCK

on 01-873 3365

Survey on

UK COMPANY NEWS

Inchcape up 26% despite slowdown in Hong Kong

By Andrew Bolger

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services and marketing group, yesterday shrugged off tha gloom over trading prospects in Hong Kong and China to announce a 26 per cent increase to 586.8m in pre-tax profits for the six months to June 30.

and attended to be the sea

.

Mr George Turnbull, chair-man and chief executive, said: "The strength of out business-streams couplet with our geo-graphical spread has enabled us to maintain growth in most areas. Our performance in areas. Our performance in south-east Asia, particularly Singapore and Thailand, has been most encouraging, show-ing an increase in profits of 61 per cent. We have also achieved strong profits growth in Europe."

Following the Tiananen Square massacre in Peking, there had been a slowdown in economic activity in Hong

en stand occurant is ang

its. However, Mr Turnbull said there had been recent signs of a return of business confidence and he was bullish about the long-term outlook for China-Car dealerships, spare parts and vehicle-hire account for

and ventue-interaction account for more than half incheape's prof-its. It said strong results in Bel-gium, Greece and Singapore had helped offset flat results from the much more competi-tive II wars are mached where tive UK new car market, where inchcape distributes Toyotas. Insurance services increased profits over last year's first. half by 40 per cent, in spite of the continuing weakness in the insurance market. A shift in emphasis to "tramp" vessels helped shipping services to lift, profits by 58 per cent, with per-ticularly strong growth in the

Mr Turnbull said inspection

INCHCAPE, the international Kong, which generates about and testing continued to be an services and marketing group. 15 per cent of incheape's prof- area with great potential for area with great potential for long-term growth, but had been hit by the recent disrup-tion to North Sea oil activity. The division's contribution to profits - which was more than halved - also reflected the cancellation of a large contract, under which Inchcape had monitored import-export currency regulations for the Venezuelan Government. Zarnings per share were 13.7p, a 22 per cent cent increase. An interim dividend of 4.5p was declared, 64 per cent higher than last time. The company streased that a

The company stressed that a major element of the increase was to reduce the difference in size between the interim and final dividends, and should

therefore not be taken as indic-ating the likely level of increase for the year. See Lex

Bass raises £45m from sale of hotels

By Lisa Wood

ties, the property and leisure company.

The hotels, acquired by Bass when it bought Coral Racing and in its short-lived acquisigroup, last year made a trading profit of £4.8m

profit of £4.8m. Control, which has entered into a joint partnership for the deal with Dr Galth Pharaon, a Saudi 'businessman, already owns one hotel in Spain. With the latest acquisition its portfo-lio of hotels will increase to 23. Bases which last month Bass, which last month announced it was paying nearly \$2bn (£1.3bn) to acquire Holiday Inns in the US, said it was selling the hotels because

BASS, the brewing and hotel it wanted to concentrate its group, is selling its 11 Spanish hotel resources on its Holiday holiday hotels for £45m to a company led by Control Securi- Mr Nazmu Virani, Control chairman, said the purchase of the hotels was a continuation the noters was a test into the asset backed leisure world. Mr Virani said he considered the deal an excellent one, at £13,000 per bedroom, particularly considering its positive impact on the group's earn-

He said the hotels were either three or four star and were not affected by the current disaffection by some tour operators with hotels at the bottom end of the Spanish hotel market.

Bass is initially receiving £10m with the balance payable over the next three years.

Tern plunges into £2.92m loss as house sales slow

23.92m for the six months to June 30 replacing a profit of £329,000 for the corresponding period of the previous year. Equity and Law Life came to the rescue by completing an agreement with Tern - worth up to £8.85m - and acquiring 50 per cent of Tern Property Services and 10 per cent of Tern itself, the latter through the subscription for ordinary shares at 25p each. The assur-ance company has the right to lift this holding to 29.9 per cent between July 1992 and Juns

1996 by conversion of its hold-ing in the real estate subsidiary into ordinary shares of the

parent. James Butterfield, Tern's chairman, said the hoard looked forward to an improvement in the second half. The directors are looking for better than break even across the board

Greater efficiences were being looked for in the estate

agency husiness, he said, which could include cutting back on staff and the quality of some of the side benefits, while on the construction side Tern's outhern operations are back in the black with problem con-tracts resolved In addition, the group's share of profit from the antici-pated sale of the warehousing development at West Thurrock should realise some £750,000. The company said that the

deal with Equity and Law Life would help to insulate the rest of the group should there be any further short-term problems in the estate agency busi-ness and would allow it to concentrate on further expansion There was a loss of 5.57p (earnings of 0.6p) basic and a loss of 5.3 (earnings of 0.58p) fully diluted per 20p share.

Computer People Computer People reported pre-tax profits up nearly 28 per cent from £1.42m to £1.81m in the six months to end-June 1989. The result was achieved on turnover increased to £32.4m (£20.7m). The interim dividend is raised to 1.75p

(1.45p). Little change at Automagic

This announcement appears as a matter of record only

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SOCIETE INTERNATIONALE PIRELLI S.A. -BASLE

31

Pirelli U.K. International Finance B.V. 71/2% £40 Million guaranteed convertible bonds 1985 - 2000

In accordance with condition 11 (B) (f) (i) of the first schedule of the Trust Deed for the above mentioned convertible bonds, notice is hereby given to the Bondholders that the General Meeting of the Shareholders of Société Internationale Pirelli S.A. will be held in Basle оп

Thursday, November 2, 1989.

Requests for conversion into ordinary shares filed on/or before October 13, 1989 shall be submitted to the above mentioned General Meeting for the creation of the shares needed to satisfy the conversion requests.

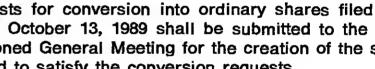
SOCIETE INTERNATIONALE PIRELLI S.A. -BASLE

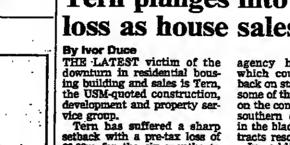
Pirelll Financial Services Company N.V. 7% US\$ 50 Million guaranteed convertible bonds 1985 - 1995

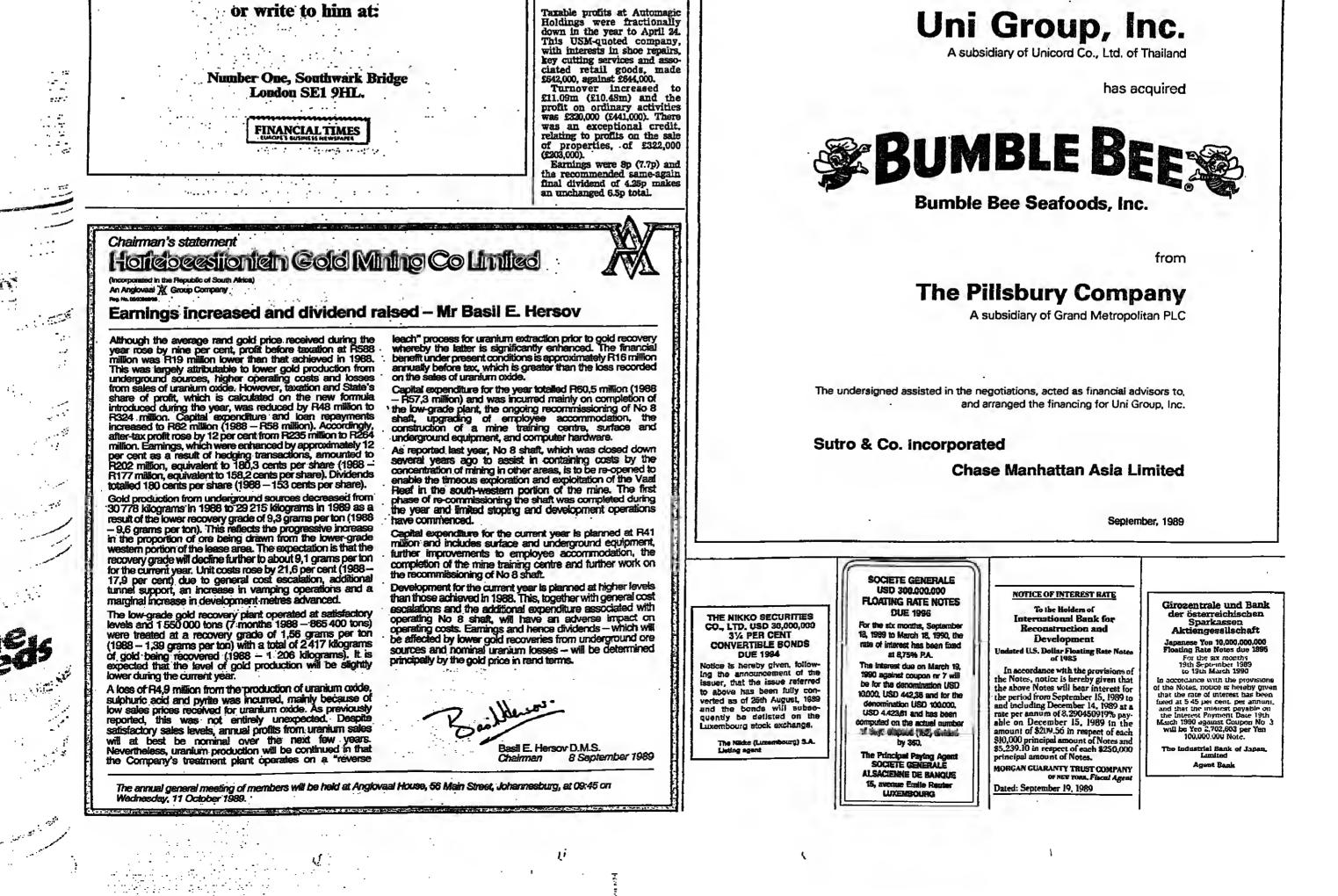
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United Friendly Insurance plc

RESULTS FOR THE HALF YEAR ENDED 30 JUNE 1989

	Half	Half Year		
	1989 £'000	1988 £'000	1988 £'000	
Premiums — Life	83,361	53,965	110,904	
— General	29,122	27,838	54,461	
Profit before tax	10,113	8,237	15,952	
Profit attributable to shareholders	8,110	6,934	12,626	
Dividend	12.25p	9.60p	31.25p	
Earnings per share	51.11p	43.72p	79.60p	

Pre tax profits up 23% and interim dividend increased by 28%

- Continued growth in personal pension business and ordinary life products
- Strong growth in investment income

32

Another good year for general business is expected with underwriting surplus of £1.9m after 26 weeks

The 1989 Interim Statement will be sent to all Shareholders on 26 September 1989. Copies may be obtained from the Secretary. United Friendly Insurance pic 42 Southwark Bridge Road London SE1 9HE Telephone: 01-928 5644 Fax: 01-261 9077

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Morgan Crucible ahead 26% as margins improve

By John Thornhill

ACQUISITIONS AND currency ACQUISITIONS AND currency gains helped Morgan Cruchle, the industrial materials and electronics company. lift pre-tax profits by 26 per cent from £18.7m to £23.5m in the six months to July 2.

The company, which recorded 80 per cent of its sales overseas, said trading condi-tions had been good in most world markets, aithough there had been some softening in the UK white goods and suprement UK white goods and consumer durables markets.

Profit margins increased in all divisions, except speciality chemicals which was affected by the mild winter and pro-duced lower than expected profits in the car care sector. During the half year, Morgan bought the carbon products operations from General Elec-tric of the US. Acquisitions accounted for about £900,000 of the pre-tax profits gain, and currency translations produced

2800,0083 Dr Bruce Farmer, managing director, said Morgan's carbon businesses had an excellent first half in strong markets, while technical ceramics had performed particularly strongly in the UK, Spain, and Australia.

New products and the integration of acquisitions helped the thermal ceramics division, and rationalisation brought improved results to the electronics bneinesses, he

Operating profits by division were: carbon - £8m (£5.5m);



UK COMPANY NEWS

Alan Harp Bruce Farmer: the carbon businesses had an excellent first half

prise some who are used to technical ceramics - £4.5m more stately progress from the venerable old company, and (£4m); thermal ceramics - £2.5m (£4m); thermal ceramics -£9.6m (£6.6m); speciality chemi-cals - £6.6m (£6.3m) and elec-tronics - £800,000 (£100,000). The interim dividend is increased from 4.85p to 5.3p. Farnings per chara advanced venerable on company, and this lag in perceptions has probably resulted in the rather lacklustre rating it has tradi-tionally traded on. But doubts too about the quality of earn-ings in view of several paper-forded executivities have Earnings per share advanced from 10.8p to 12.2p. funded acquisitions have

O COMMENT

performance may be needed Morgan's technical expertise is before Morgan's rating climbs much higher. Pre-tax profits for the year may rise to 255m inquestioned; about a quarter of the group's managing direc-tors boast PhDs. But in recent giving a prospective multiple of 11. That below average rat-ing seems unjustified for a company which on financial years, Morgan has begun to persuade the doubters that it is no slouch either when it comes to financial performance, and sets itself a target of doubling profits every three years. This sudden sport of speed may surfundamentals is above average, but it may be some time yet before the market concurs.

Acquisitions boost EIS 19% to £5.5m

By John Ridding

A SERIES of acquisitions lifted taxable profits of EIS Group, the specialist engineering com-pany, to £5.48m for the six months to June 30, an increase of 19 per cent over the company. The Flexibux division, which

The Flexibox division, which makes seals and couplings for the oil industry. Saw an improved result. In July, EIS bought the 50 per cent of Plexi-box's Spanish operation which it did not already own. months to June 30, an increase of 19 per cent over the compa-rable period. Mr Peter Haslehurst, chief executive, said the order book was a third higher than a year ago, with improvement spread across all divisions. There was also a greater emphasis on long term orders, with some contracts stretching eight years ahead. · COMMENT

years ahead.

years ahead. Turnover, with acquisitions accounting for over 50 per cent, increased from 50.32m to 576.19m. Earnings per share rose to 13.38p (11.89p) and there is an interim dividend of 2.75p (2.45p)

(2.45p). EIS does not give a divi-sional breakdown at the interim stage, but all four operating areas were said to be ahead of last year.

... Vacuum and filtration businesses saw a strong perfor-mance in the first half from the recently acquired overseas

the recently acquired overseas companies. These were Stokes Vacuum, the US supplier of high vac-num pumps and systems which EIS bought last Septem-ber, and Hibon international, the French manufacturer of procume continuent which was dogged Morgan, and firmer evi-dence of sustained financial the French manufacturer of vacuum equipment which was bought in the following month. The aircraft and precision engineering division has been reorganised with the business of Premier Precision trans-

Nigel Wray family trusts

take 17.6% Southwest stake

engineer

have changed and interest rates may have risen but ELS's story of steady growth remains very much the same. This is partly because over 50 per cent of sales are overseas and that there is no direct exposure to the chemics communication. the slowing consumer market. But more important is the group's presence in strong group's presence in strong markets, such as airliner gal-leys, and its ability to squeeze benefits from acquisitions, such as Stokes. The series of acquisitions over the last year has distorted margins, the decline of which reflects only the consolidation of companies in which a 50 per cent stake in which a 50 per cent stake was held and a full contribution from the lower margin Stokes business. Following the £12.5m rights issue earlier this year EIS has the resources for further purchases. Even with-out these, pre-tax profits should reach £12.2m for the current year. This puts the

The shape of the group may have changed and interest

shares on a prospective multi-ple of about 12, a justified pre-mium to the average specialist ferred to other group compa-nies and the disposal of its

Greyfriars joins main market in £6.7m placing

By Vanessa Houider

GREYFRIARS Investment from tax on capital gains in the Company, involved in provid- UK. ing development capital, is The ordinary shares are joining the main market in a intended to offer a high income placing that will raise about together with a medium term

placing that will raise about \$6.68m. capital gain.

A low coupon 10 year loan note will raise a further £3m. Guidehouse Securities is pla-

The company, which will have a planned life of 10 years, will be structured in such a Jupiter Tarbutt Merlin will way that will make it exempt be the investment managers.

Greyfriars will invest in unquoted and quoted companies which require further

cing the ordinary shares at development capital, which may include buy-ins, Dealings start on September and special placings. Management control will not

be taken. Jupiter Tarbutt Merlin will

FAMILY TRUSTS of Mr Nigel Wray, the financier, have taken a 17.6 per cent stake in Southwest Resources, a USM-quoted oil and gas com-

By Vanessa Houlder

pany. This deal was part of a dis-posal by Dominion International Group, the financial services, property and natural resources company, of a 29.6 per cent holding in Southwest. A total of 47.5m shares were bought by family trusts of Mr Wray, who is chairman of.

ties.

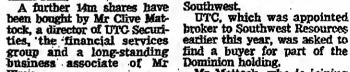
earlier this year, was asked to find a buyer for part of the Dominion holding.

Mr Mattock, who is joining the board of Southwest Resources, said that be expec-ted to help in the search for acquisitions in the UK in prop-The remainder of the shares have been bought by institu-tional clients of UTC Securi-The sale follows manageerty and related areas.

والمتناد مناجع والمحادثة والمتحاد والمناجع والمعاجب والمعتق والمحاج والمحاج والمحاج والمحاج والمحاج

Wray.

Chartsearch, the tipsheet group and deputy chairman of Singer & Friedlander, the mer-chant bank.



Dividends up to 60%

'The directors are committed to both profit and capital growth'

EPS up from 5.0p to 9.08p an increase of 82%

'The quality, strength and momentum of the Group's activities have produced yet another excellent set of results'

David Fitzgerald, Executive Chairman

NOTICE TO HOLDERS OF

OLYMPUS OPTICAL CO., LTD. in conjunction with

U.S. \$40,000,000

6% percent Convertible Bonds Due 1997 (the "1997 Bonds")

and

U.S. \$300.000,000 4 percent Notes Due 1993 with Warrants (the "1993 Warrants")

(the "1993 Warrants") NOTICE IS HEREBY GIVEN that as a result of the issuance of new shares by free distribution to shareholders of record 29th September, 1989, the Conversion Price relating to the 1987 Bonds will be adjusted pursuant to provision 6 of the Terms and Conditions of the Bonds in the Trust Deed dated 6th December, 1982, and the Snbergittion Pricerelating to the 1993 Warrants will be adjusted pursuant to Article 8 of the Instrument relating to the Warrants dated 15th June, 1989, as follows:

1. for the 1997 Bonds: a. Conversion price before adjustment: Yen 1.157.40 per share of common stock.

common stock. b. Conversion price after such

adjustment Yen 1,425.00 per share of common stock. b. Subscription price after such adjustment

adjustment: Yen 1,295,50 per share of common stock. 3. effective date: 1st October, 1969

Dated: September 19, 1989

OLYMPUS OPTICAL CO., LTD.

ion price before such

By: The Bank of Tokyo Trust Company as Trustee

Yen 1.052.20 per share of

common stock. 2 for the 1993 Warrants; a. Subarrintics

for copies of the Group's interim statement contact: -BHH Group plc Newstead House Alderflat Drive Trentham Stoke-on-Trent ST4 8XB Telephone 0782 644222 Facsimile 0782 644824

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£12m for BICC companies

Refuge lifts shareholders

REFUGE ASSURANCE, the main life company operating subsidiary of Refuge Group, centage points without obtain-

Industry.

7.25p.

ordinary branch surplus

Scholes may pay up to

SCHOLES GROUP, the electrical products manufacturer, has reached an advanced stage of negotiation over the purchase of three companies from BICC, the cables and construction group. The Preston-based compa-

By Eric Short

cent.

A maximum of £12m is expected to be paid for the companies which are returning marginal profits. The purchase of the compa-

nies - Dorman Smith Switch-gear, Dorman Smith Engineering Systems and BICC Britmac - comprise BICC's industrial switchgear and cable accessories businesses.

main life company operating subsidiary of Refuge Group, intends to increase sharehold-

ers' proportion of surplus from

its ordinary branch fund from 85 per cent to 9.5 per cent – the same proportion as paid to shareholders from the Indus-trial branch fund.

with profit life funds available to shareholders, under UK insurance legislation is 10 per

The maximum proportion of

nies would give a boost to Scholes' turnover, which totalled £47.98m in the year to June 30. It would also push the company more into the indus-trial switchgear market and reduce reliance on the domestic housing area which is showing signs of contraction.

Gencor General Mining Union Corporation Limited (Incorporated in the Republic of South Africa) (Registration number 01/01232/06) (Gencor) SUB-DIVISION OF ORDINARY SHARES AND THE CHANGE OF NAME

> Central Merchant Bank Limited is authorised to announce the results of the general meeting of ordinary shareholders of Gencor held on 15 Sec

> The special resolutions for the sub-division of ordinary shares and change of name were passed and subacquently registered by the Registrar of Companies. Accordingly, each of the issued and unissued ordinary shares of 40 cents each in the capital of Gencic will be sub-divided into 10 ordinary shares of 4 cents each, and the name of General to be division of the capital of Gencic will be sub-divided into 10 ordinary shares of 4 cents each, and the name of General to be division of the capital of Gencic will be sub-divided into 10 ordinary shares of 4 cents each, and the name of General Mining Union Corporation Limited will be changed to Gencor Limited.

> Accordingly holders of ordinary shares and/or 6% cumulative preference shares in Gencor are requested to surrender, if not already having done so, their share conflicates under cover of the relevant sumender forms to the applicable transfer secretaries as soon as possible in exchange for new replacement certificates reflecting the sub-division (in the case of ordinary shares) and the new name (in the case of ordinary shares and preference shares). A surrender form was included with the circular mailed to shareholders on 25 August 1989. A further circular detailing the results of the meeting and surrender procedures will be posted to ordinary and preference shareholders on or about Friday, 22 September 1989.

The sub-division of ordinary shares and the change of name will become effective from the commencement of trading on The Johannesburg Stock Exchange ("the JSE") and The International Stock Exchange of the United Kingdom and the Republic of Ireland (the "ISE") under the existing abbreviated name "Gencor" on Mooday, 25 September 1989. The last day for dealing in the existing ordinary shares of Gencor on the JSE and the ISE will accordingly be Friday, 22 September 1989. Existing ordinary share certificates will not be good for delivery for transactions effected after the commencement of business on Monday, 25 September 1989.

Holders of convertible preference shares and/or convertible determines in Gencor who were requested to surrender their respective share/determine conflicates for the purpose of conversion into ordinary stares (as detailed in a circular to convertible preference shareholders and convertible determine/ders dated 25 August 1989) were advised that, as a result of the sub-division of ordinary shares and change of name, they will receive 10 sub-divided ordinary shares reflecting the new name for every one convertible preference share or one convertible determine

RECORD RESULTS 1988/89

Lopex expands

ing prior permission from the Department of Trade and

Thus Refuge can pay out 10 per cent to shareholders if the board so wishes.

The group has lifted its interim dividend from 6.5p to

Mr Tom Booth, chairman, stated that the intention was to leave a margin to provide flexibility in determining the profit distribution between with - profit policy holders and shareholders. The legislation allows life

Lopex, the advertising and communications group, is fur-ther expanding its European network by taking a 29 per cent stake in Muller & Pariner Alliance Werbeagentur, a new Swiss agency, for £50,000.

East Surrey Water plans conversion to plc status By John Thornhill

EAST SURREY Water The whole process may Company will become the first be completed by early Decem-Company will become the first statutory water company ber to take advantage of the proposals under the 1989 At the EGM, approval will Water Act and convert to public limited company sta-

The company will also reor-ganise its complicated capital structure, leaving it better placed to opsrate within the changing environment of the water industry, it

East Surrey will ask stockholders to approve these changes at an extraordinary general meeting to be held in three weeks' time.

claimed.

If approval is forthcoming, East Surrey will then submit the restructuring proposals to the Environment Secrsthe company's preference tary for his scrutiny. stock.

also be sought to appoint Mr Duncan Saville to the board as a non-executive direc-Mr Saville, an Australian-based investor, who has signifi-cant holdings in several other water companies, controls about 28.5 per cent of East Surrey's voting stock through

his investment vshicle, Associated Insurance Pension Fund East Surrey also said it had completed the sale of its Purley

site for a net 214m. This money will be used to finence capital expend-iture and redeem some of

JOHANNESBURG 19 September 1989

Senbank

Central Merchant Bank Limited

8

* Net Asset Value per share

* 1-for-1 Capitalisation Issue

* Pre-tax Profit

* Net Dividend

ad Co., who are shi

2620 48% £9.078m 20% 8.91p + 20%

Sponsoring brokens (Republic of South Atrica) MARTIN & CO, INC. DAVIS BORKUM HARE & CO, INC. ED HERN, RUDOLPH INC. IVOR JONES, ROY & CO. INC.

United Kinndor

JANES CAPEL & CO.

* Directors expect continued progress in 1989/90

A&JMUCKLOW GROUP plc Largest owner of Industrial Estates in the Midlands

in bare been approved for the purpose of Section 57 of the Financial Services Act 1988 by alphotised by the ICAEW to carry on investment business. Past performinge of act packases



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FINANCIAL TIMES TUESDAY SEPTEMBER 19 1989

MANAGEMENT: The Growing Business

keep up with the flow of work. The company, hased in Uxbridge, West London, takes on between four and six gradu-, ate engineers a year but also has to recruit staff at short; notice if it wins a tender for aholde if it wins a tensor in a-big job. The growing problems in finding the right people have forced Shephard Hill to-take a hard look at the way it recruits new staff and holds on to its existing workforce. "We used to think everyone:

wanted to come and work for us," says David Ogden, deputy managing director, "Bnt we realised we were heing too laid-back. We are having to get our, act together, rather, than just rely on people coming to us." Shephard Hill has been reviewing the level of salaries, has become more generous in allocating cars to engineers on remote sites and has produced a brochure aimed especially at undergraduates.

The company, which has turnover of £40m, is one of a growing number of small and medium-sized businesses which have been taking a seri-ous look at the way they meet their staff needs. There is much talk of the demographic time-bomb which is set to create an acute shortage of school-leavers and graduates in the 1990s; but husinesses in some sectors and in some partsof the UK are already facing potentially crippling shortages of new recruits.

This is forcing managers who in the past have tended to dismiss personnel policies as a large organisations to adopt some of the techniques them-

A point made hy the person-nel specialists is that retaining existing staff is as important, if not more important, than recruiting them in the first place. "The easiest way to recruit people is not to lose them," comments Harry Klee-man, chairman of the CBI's small business council and the owner of a group of four plastics companies employing a

total of 200 people. But while some of Britain's smaller companies are starting to take action to ensure an adequate workforce into the 1990s . many are not. James Curran, director of the small business research unit at Kingston Polytechnic, is gloomy about the small firms sector's ability to respond to the challenge.

Sing group with 650 experiencing increasing difficulty in recruiting enough. Anticipating an acute staff shortage

Charles Batchelor explains why action must be taken now



David Ogden: "We used to think everyone wanted to come and work for us"

Many small businesses lack specialist personnel skills and respond to employee shortages with fire-fighting techniques rather, than with carefully fhought out policies, he warns. Those alert companies which is have thought only of recruiting are doing something about an 18 to 21-year old to this sort their personnel needs are busy to post, says Harry Kleeman. in several areas. Most start with:

· Recruitment. More small firms are trying to make sure they get this right. Pulse Train, a computer software company based in Guildford, Surrey, runs annual selection days involving aptitude tests, dis-cussions and an introduction to the company. Pulse Train needs between two and four graduates a year for its customer support, training and consultancy operations. The company, which employs 40 people and has sales of £2.25m, has found it increasingly diffi-

cult to find the right recruits. "It is important to get people who are not going to be boffins but who can tell people about our products," says Tim Macer, training director... Macer devised the selection days jointly with Mantra, a London consultancy specialising in human resource issues. Companies are also recruitWomen who have given up

johs to have a family are increasingly seen as an attractive source of recruitment and many companies attempt to keep track of former employ-

ees. To make an early mark with potential recruits companies are establishing closer links with schools and universities. Pulse Train will shortly be tak-ing a fifth-former from a local school for one week's joh expe-rience. Cameron Markby Hewitt, a medium-sized City law firm, takes in students for three to four weeks to allow them to work on projects of genuine value to the firm. More formal structures. One

of the problems which smaller businesses face in attracting recruits is a lack of a formal career structure. Some are responding by introducing more formal arrangements for career appraisal and promotion.

ing from a wider range of - Pulse Train has instigated

monthly appraisals for its new recruits after they join the company because it believes that three months in a new joh is a long time to wait. After three months it goes over to six-monthly appraisals.

Companies must devise career paths for their less brilliant employees and not just for the high flyers, says Jane Molloy who runs Independent Personnel Management, a Ted-dington, Middlesex-based consultancy, and who advised Shephard Hill. "Don't just tell

> Salaries. Salary levels must at least be on a level with local competition to attract and retain staff, but the importance of money should not be exag-gerated. "Money is a major motivator of only 5 per cent of employees and they are the people who are likely to move on anyway," says Mantra's Nicola Phillips. "It is a good policy to pay

To hold on to senior managers more companies, small as well as large, are introducing share option schemes. Valuing shares in a private company is more time-consuming than for a publicly-quoted group but, unlike cash bonusss, share schemes give managers a long-term interest. • Training, Smaller companies

have, in general, a poor record of training employees but the more forward-looking ousinesses are now putting a lot of effort into improving the skills of their workforce. Cameron Markby Hewitt,

introduced a far-reaching training programme over the past two years. This ranges from seminars on subjects such as European law for its legal staff, through management training for senior partners, to workshops for secretaries to help

"It is important to realise that expenditure on staff in an organisation like ours is the same as the capital spending carried out hy a manufacturing company," says Roy Lecky-Thompson, personnel director. It is difficult to assess the impact training has on profit-ability, he adds, but the impact on staff turnover has been "far better than we ever dreamt."

• Environment. In the fields of recruitment, salaries and training there is nothing which the smaller firm can do which cannot be matched by the larger company. Unique to the small firm, however, is the informality and companionship which can come from being an

individual in a small group. In the past small firms have been poor at selling this advan-tage though this is changing. Some are making a deliberate effort to make themselves more pleasant places to work

in to overcome. Kleeman Plastics no longer requires its shop floor workers to clock on at its Darking, Surrey, factory. At its two Midlands factories, where skilled employees are easier to find,

the clocks remain, though. The company's efforts to attract and retain employees include regular meetings in the canteen to keep staff informed of the latest developments and a sports club. Its sixtieth anni-

versary was recently cele-hrated with what Harry Klee-man calls 'a bit of a binge' on HMS Belfast on the River Thames. Kleeman speaks for the managements of many smaller husinesses when he says: "We are trying to think of anything which will make our people stay rather than wander off elsewhere."

Catch your time thieves

Charles Batchelor on a conscious effort to manage tasks

better estimates of time needs

you can allow a more realistic

Begin by planning on a daily basis. Your daily work routine must be under control before

you can develop plans for lon-ger periods. A realistic daily schedule sbould contain only

what you want, or bave, to take care of in that day and

what you are she to handle. The more yon set yourself attainable goals the more you will put yourself out to reach

bution. One solution proposed by BiC is for selected enter-

A nationwide survey of 1,000

young husinesspeople aged between 16 and 25 years

showed that 70 per cent are supported by either family or friends with half of them still

training sessions though only 38 per cent had plans for more training, mostly in the form of

short courses. More than 95 per cent had some kind of formal academic

qualification including 88 per cent with O levels. The Young

living with their parents. Fifty four per cent of the entreprenenrs polled bad attended recognised husiness

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unforeseen events.

"buffer" to take account of

distractions.

A re you overworked, stressed because you are trying to do several things at once and responding to events rather than dictating their course? Are you able to get down to jobs only after nor-mal husiness hours because of distractions at work and do you face a constant conflict between work and leisure?

Many businesspeople would answer "yes" to many if not all these questions. A solution, suggests Lothar Selwert in a new guide*, is hy making a conscious, continuous and con-sistent effort to manage time. Seiwert, director of the Institute of Time Management in Taunusstein, West Germany, urges his readers to "catch their time thieves" by first identifying what they are -the telephone interruptions, the visitors, the meetings, the

failure to delegate, the inabil-ity to say "no". Managers should, at an early stage, set down objectives in both personal and business spherss, Seiwert advises. By defining goals yon stimulate action and establish a measure for evaluating your perfor-

mance. From here you can move to the practical planning stage. A few minutes planning every day can save an bour's work, Seiwert suggests. This means

In brief...

A series of books and radio cassettes on subjects such as mergers and acquisitions, corporate tax planning and mar-keting is being published dur-

ing 1989 nuder the CBI Initiative 1992. The books and cassettes,

both priced at £12.95 each, are available from bookshops or from Mercury Books, W.H. Allen & Co, Sekforde Honse, 175-179 St John Street, London EC1V 4LL

■ Business in the Community, the umbrella organisation for Britain's 300 local enterprise agencies, is to promote closer links between innovators and companies. BiC bas recently become the administrator of The Prince of Wales' Awards for Innovation and Production. Innovators and small firms with good ideas often do not know where to go for advice and belp on matters such as patents, licencing and distri-

objectives can be reached more lines which have to be met and quickly; that the time you save can be devoted to really imporroutine jobs such as phone calls and letters. tant tasks; and that by estab- Estimate bow much time lishing a predictable daily rou-

each job will take. If you have allotted yourself a limited amount of time you will he tine you can reduce stress. The most important plan-ning rule is to put things in more determined to prevent interruptions. writing. Schedules which con- Allow buffer time for unscheduled tasks. Experience sist of only a mental note are barder to control. Written plans reduce the amount to be

shows that only 60 per cent of the day can be spent on planned activities with the rest memorised and mean fewer By checking daily results managers can keep track of split equally between unplanned activities and "spontane-ous and social activities." tasks which have not been completed and transfer them to another day. By establishing

 Decide priorities, he selective and delegate.
 Scan your scheduled tasks at the end of the day. Jobs which are repeatedly post-poned may require a special effort to tackle or may be cancelled because they have taken

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care of themselves. Seiwert has produced a prac-tical bandbook full of the examples and checklists needed to bring a potentially woolly subject into sharper focus. He lets his readers down only in the chapter on setting personal and business objectives - more guidance is called for on the most theoretical aspect of time management

Seiwert suggests a five point check-list to plan your day: List your tasks, including unfinished work from the day before. Take account of dead-*Monoging Your Time. Kogon Page Business Action Guides. 80 pages. £6.99,

Entrepreneurs Report* is pnblished by Livewire, an organiprise agencies to form a regional network of referral sation backed by the Shell group to encourage yontb points for entries to the awards scheme, arranging introductions to sources of

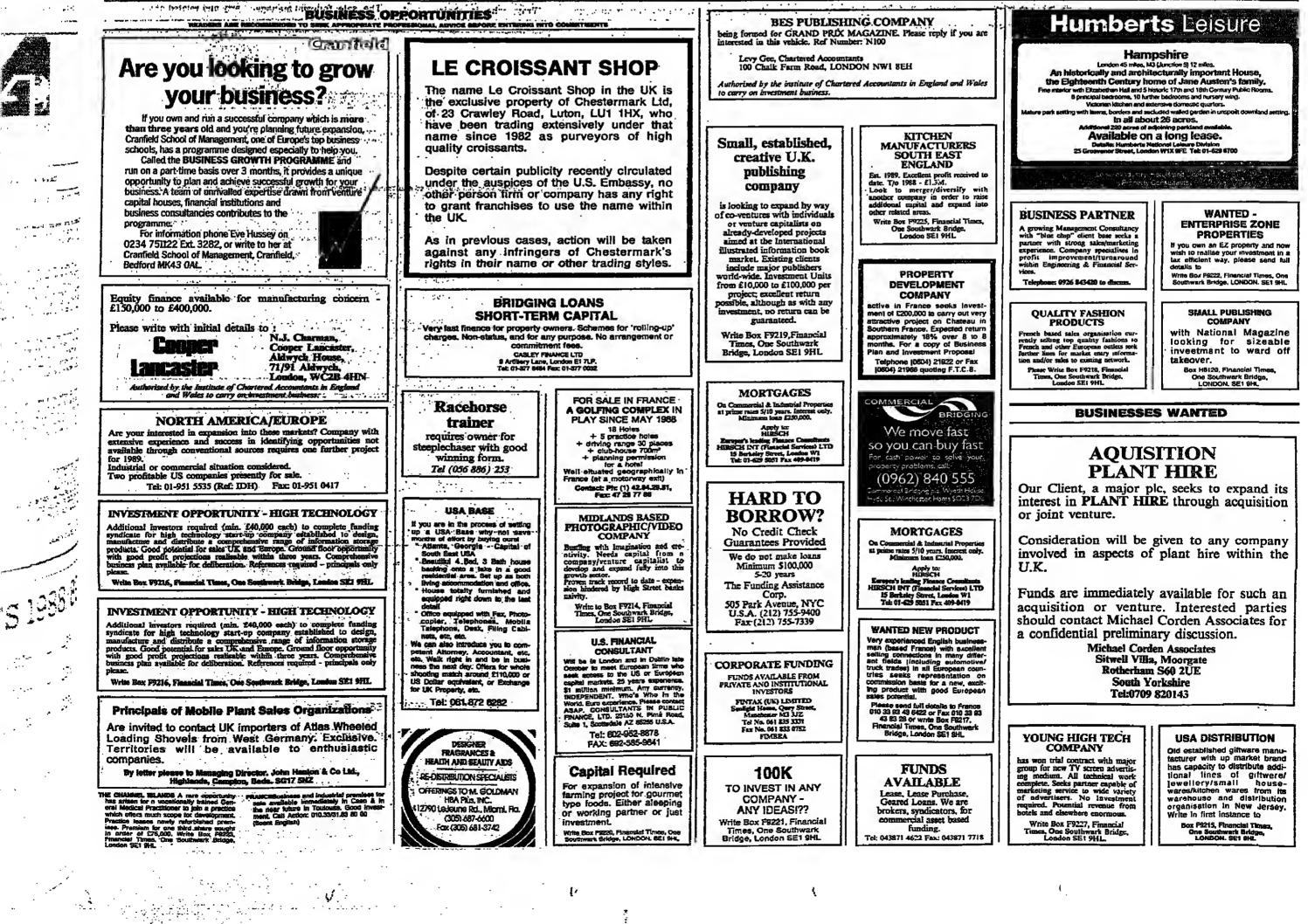
enterprise. Available from Livewire UK, 60 Grainger Street, Newcastle upon Tyne NE1 5JG. Tel 091 261 5584, £5. help. Contact David Grayson, Director of Enterprise ond Operations, BiC, 237A City Road, London ECIV 1LX. Tel

The Inland Revenue bas increased its serious investiga-tions activity, according to Ernst & Young, the accountants and financial consultants.

The recent Ken Dodd case has highlighted the enormous stress a long and rigorous investigation puts the tax-payer under," says Ken Dux-bury, bead of a new unit set np by Brnst & Young to advise individuals facing investigation

"Being properly represented in an investigation can reduce both the final tax hill and the often equally heavy interest and penalties which accompany it," be adds.

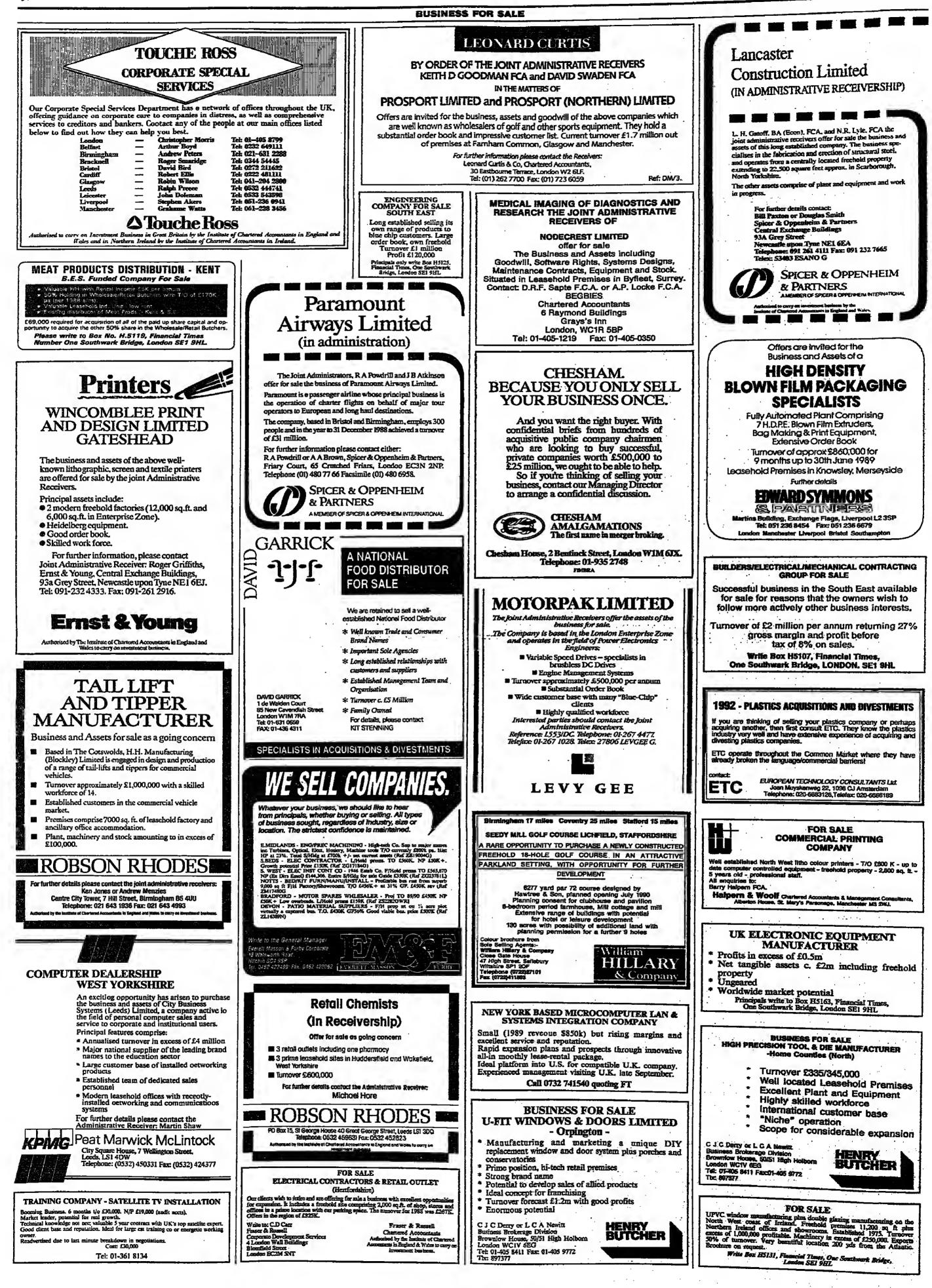
BES PUBLISHING COMPANY



these people to find another joh," she suggests. "They may not make managers but they can be good technicians and should be rewarded appropriately."

slightly more than the competition," suggests Jane Molloy. "You don't have to pay a lot more and you save money because yon retain people."

which employs 480 people, has



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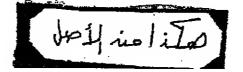
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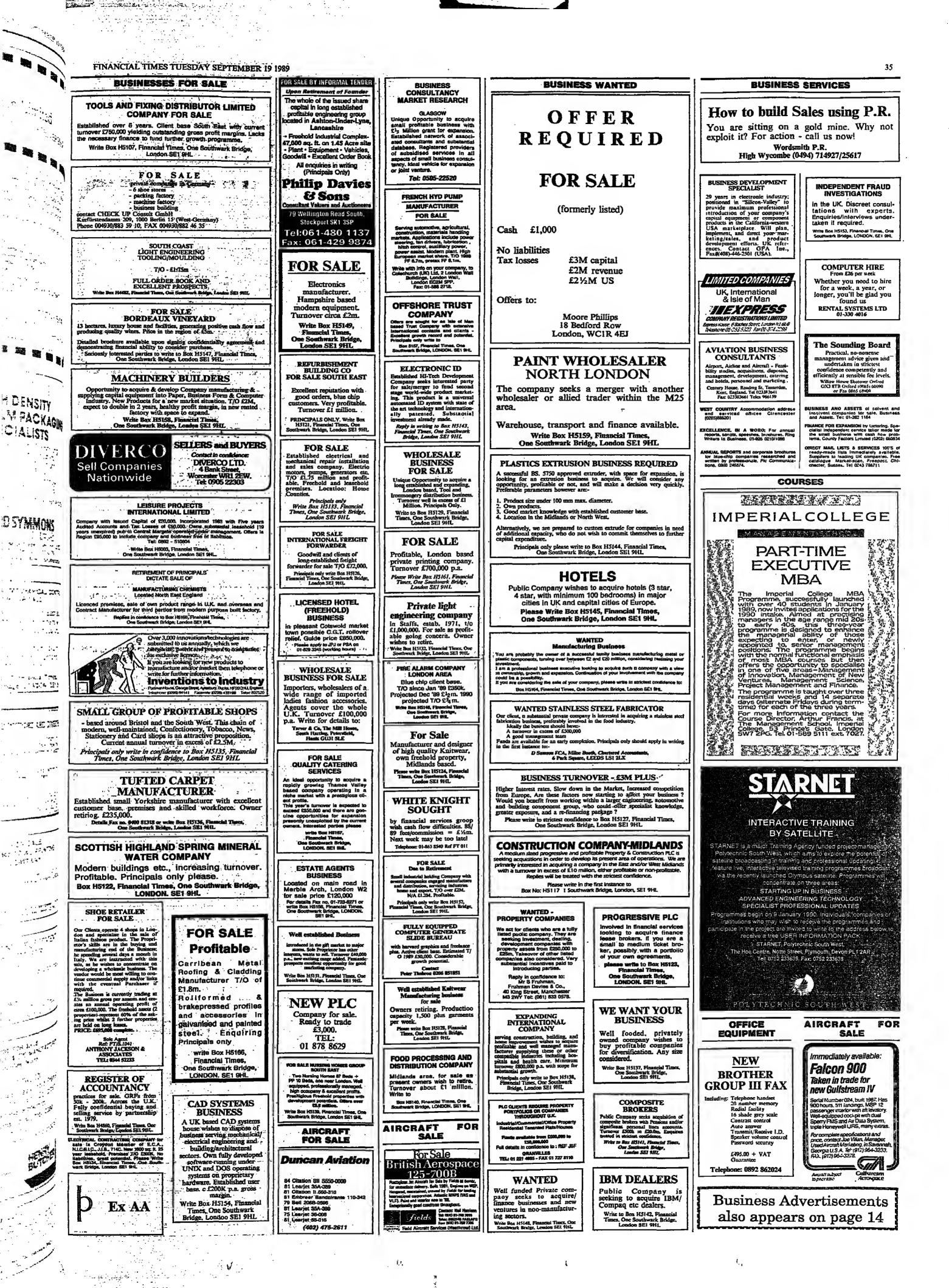
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COMMODITIES AND AGRICULTURE

Cocoa sharply down after | Rain too late to relieve feedstock shortage Livestock farmers in the south and west face particular problems failure of latest talks had ample fodder. ITH the possible exception of those

By David Blackwell

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THE COCOA market wasted no time yesterday in pegging prices sharply down following weekend news that the International Cocoa Organisation talks had ended in failure.

At the end of last week the market became increasingly optimistic about the outcome of the ICCO talks, aimed at putting some life back into the international agreement. Once again the delegates argued into the early bours of Saturday before conceding defeat in their attempts to reconcile the differences between producers

and consumers. On the London Futures and Options Exchange (Fox) yester-day the December contract fell £39 to £780 a tonne.

Last week's talks were the fifth attempt to revive market support measures for cocoa and came closer to success than any of the previous meet-

ings in the past 18 months. Late on Friday a package had been put together which would have lowered the price range the agreement was try-ing to defend - a key point which producers had previ-ously refused to concede. However, the proposed range of

between 1,255 and 1.925 Special grasp," said one consumer del-Drawing Rights (SDRs) a tonne should be compared with yesterday's ICCO average indica-tor price of 922.99 SDRs.

The package proposed a reduction in the levy paid on imports and exports of cocoa from \$30 to \$5 a tonne. Produc-ers also promised \$30m to be put into the ICCO kitty to most analysis now agree that the outlook for the agreement is extremely hleak. finance a withholding scheme designed to take 120,000 tonnes

Gill & Duffus, the London trade honse, puts tha world production eurplus over demand at 309,000 tonnes for 1988/89 and predicts a sixth off the glutted world market. The ICCO is already owed \$115m in levy arrears. \$115m in levy arrears. The talks were proceeding well until key consumers, including the UK and West Germany, made it clear that money for operating the with-holding scheme would not be paid to producers who remained in debt to the organi-sation, but would he used to successive year of overproduc-tion next season. If there is no extension or renegotiation of the cocoa agreement by next September the ICCO will have to start selling its 240,000 tonne buffer stock, adding to the market's problems. sation, but would he used to reduce their debts. This proved unacceptable to the Ivory Coast, the world's higgest pro-ducer, which owes £69m.

Meanwhile, all eyes will be on the Ivory Coast's marketing strategy, analysts believe. It has been widely rumoured in the market that a deal struck After getting so near to a solution to the agreement's earlier in the year between the Ivory Coast, Philipp Brothers and Sucres et Denrees for problems, the EC and the Ivory Coast said they would abstain from voting on the package, 500,000 tounes of cocoa has been called off.

quickly to cnt marginal, high-

cost production, limiting the potential for a prolonged slide.

This, at least, is what we

believe to be the lesson learnt

Mr Sarney approved a Con-

exporters must obtain approval

from the Sugar and Alcohol

VV who found them-selves beneath one of last week's cloudbursts, the judgegate yesterday. "It could have gone through if the producers had willed it." ment of most livestock farmers in the south of England would be that recent rain was proba-bly too little and certainly too The agreement, which has been frozen since February 1988, runs_out_in_September late next year. The ICCO executive board meets in December, but

Given that some South Coast areas have had 2in of rain or more in the last few days that may seem unlikely. It can,

however, be put into perspec-tive when you consider that soil moisture deficits in some areas have added up to 7in or 8in - a third of average annual precipitation - and remember that the last signifi-cant rainfall in those areas was in April, since when we have had one of the hotiest sum-

mers on record. In Norfolk we had a few good rains in July but the accumulated moisture deficit was still 5in to 6in before last weekend. A few showers and periods of drizzle in the past few days have done little to correct the fundamental prob-lem - although on arable farms they have probably been sufficient to germinate oil seed rape, planted a couple of weeks ago, and to soften clods enough

to enable autumn crops of wheat and barley to be planted in the next few weeks. But it is livestock farmers in the south and west in particu-lar who face the most serious problems. Lack of rain has problems. Lack of rain has inhibited grass growth in those areas throughout the summer. This has meant that cattla and sheep have been short of graz-ing for many weeks and some are beginning to show signs of their sbort rations.



By David Richardson

can normally support themselves and provida milk for their calf through the summer on a dist of grass alone - are farms. They have, as the say-ing goes, "milked off their backs" in order to feed their calves. Most of the calves are fine but many of the mothers will approach the winter with their ribs showing.

The same is true of breeding ewes, although the depth of wool tends to mask their true wool tends to mask their true condition. They too have suck-led lambs through the difficult summer to their own detri-ment and are nothing like as well fleshed as they should be at this time of year. The worry is that this will affect productions of lambs next year

next year. Many farmers have in fact been forced to feed slage and hay to their sheep, beef cattle and dairy cows for several weeks already to keep them in as good condition as possible at a time when there should be

ample grazing for them all. Normally silage clamps and haystacks would not be opened until the beginning of winter when the animals are taken off the fields and bronght into Suckler cows - that is cows sheds for the cold weather. with beef calves at foot which This year sizeabla inroads have sheds for the cold weather.

been made into those stocks of fodder and there is a prospect on many farms that supplies will run out well before the grass grows again next spring. This is made all the more likely because of the much meducated amount of faces that Interfy because of the infid reduced amount of grass that has been conserved so far this year. Most farmers set out to take at least three cuts of grass off each field each summer to make into silage or occasionally hay for winter folder. It is reckoned to be necessary to conserve about 10 tonnes of silage per dairy cow per year for total security of stock feed. This year most farmers took one good cut in May or early June, hut then the parched grass grew so slowly that either the second cut, normally taken in July, was very poor or

more likely was unavailabla because it had been used for There are nothing like as many waste vegetables around as usual this year because they grazing instead. This means few farmers were able to make even two as usual this year because they too have been hit by the dry weather and yields are much reduced. Those that are avail-able are selling at £17 to £20 per tonne, or more than twice the price of last year, and very expensive in relations to their mutrient value. thirds of the silage needed for a normal winter and now sig-nificant quantities of that are being consumed months ahead

of usual. Whether the rain of the last few days will promote sufficient grass growth to enable further cuts to be taken in late for ther cuts to be taken in late October remains to be seen. Even if it does both quality and quantity are bound to be poor. In many cases it will not be possible as pastures are so hadly damaged by the combi-nation of drought and animals Add to that the cost of trans-port from the main cereal. feet kicking up dust that they are beyond any benefit from rain and will have to be reseeded for next year.

products from the cider, beer and sugar industries. Suddenly there is a shortage of stocks where not too many months There alternative feeds for livestock. Cattle and sheep do not necessarily live by grass alone. They will for instance ago the processors were strug-gling to sell to farmers who grow or milk perfectly well,

By Jim Bodgener in Ankara

according to species, on such diverse bulk commodities as maize silage, turning, waste carrots, misshaped potatoes, or straw treated with a protein supplement. The animals will also exist quite happily on mixtures of sugar beet pulp - waste from sugar making - apple pom-mice -after juice has been mice -after juice has been

moisture.

nutrient value.

Straw too has become expen-

sive at around £30 per tonne ex-farm for best barley and £20

per tonne for wheat, which is

much less suitable for feeding.

growing areas in the east to

the livestock areas in the west

had ample fodder. Indeed in the case of sugar beet pulp the shortage is caus-ing problems between British Sugar, which processes all the sugar heet grown in this counsugar beet grown in this tour-try, and the farmers who grow it. The contract between the two parties states that sugar beet growers have the right to purchase from British Sugar up to 75kgs of pulp for every tonne of sugar beet delivered to the factory subject to avail-ability. squeezed from the fruit, or hrewers' grains - husks left from barley used for beer. The few farmers in the south of England who

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ability. It now appears that demand for pulp from farmers who do not grow sugar beet has been greater than ever before and having responded to that demand that British Sugar may be unable to fulfil its obli-oritons to its grounder. At the ability. of England who grew maize have done rather well this year. The crop likes lots of sun-shine and some excellent crops snine and some excellent crops are about to be cut. But tur-nips sowed into stubble after cereals had been harvested have simply failed to grow in many areas because of lack of moisture gations to its growers. At the very least some deliveries will be delayed until after Christmes, and some growers may not neceive their full entitle-ment if they failed to order by

the due date. Needless to say those grow-ers who had been relying on the pulp to feed their livestock through the winter are pretty upset and will fight to retain their rights however sorry they may feel for their West Coun-

try colleagues. Meanwhile tha see-saw of relative advantage across our small country continues. In the north west of England and the Scottish Borders farmers of both stock and crops have had a wonderful year. They nor-mally suffer from too much rain but this year it has been and the price to end users becomes prohibitive. Similarly with the waste just right.

Their grass has grown, their animals have thrived and their arabla crops have produced good yields, easily harvested. Proof that the weather dictatos farming fortunes even more than the politicians.

and it was not voted on. "It was within the producers' **Base metals head for surplus** By Kenneth Gooding, Mining Correspondent Lower prices should work

EVERY non-precious metal market will be in surplus by the second half of 1990 - the first time this has happened since 1931, predicts the Metals & Minerals Research Services consultancy group.

However, stocks will remain tight and prices are forecast to fall from the very high peaks of 1988 by only 10 per cent this year and a further 20 per cent in 1990.

The main exception is tin, which MMRS suggests will move up from \$3.25 a lb last year, to an average of \$4.23 this year and to \$5 a lb in 1990.

In its latest Metals Analysis and Outlook the group also says silver and gold face seri-ous excess supply in the coming year and platinum has now also moved into surplus.

There is likely to be an excess of gold supply compared with demand of 345 tonnes next year which "will need

LME WAREHOUSE STOCKS Change during week ended last Friday) tonnas
 Aluminium high grade -2,350
 to 81,275

 Copper
 +9,525
 to 97,200

 Lead
 + 5,500
 to 3,744

 Nickel
 -504
 to 3,744

 Zinc
 -2,900
 to 67,825

 Tin
 -380
 to 3,520

lived.

PRESIDENT Jose Sarney of over taxation and a buffer

export policy that sets aside tion of the policy.

from the last recession." Strikes, political turmoil, civil disorder and mechanical lower prices to be absorbed." breakdown, so much a feature MMRS forecasts the gold price will slip from an average of \$375 a troy ounce this year to of metal markets in the past year to 18 months, may continue to dominate supply \$350 in 1990.

developments to 1990 and upset the forecasts, MMRS admits. "Nevertheless, there is clearly an underlying improve-The group takes a less opti-mistic view of world economic growth than many other forecasters and anticipates "a ment in supply-demand balances which can only partially be arrested by further supply rather more bumpy end to the long period of growth . . . but any recession will be short disruptions, With consumption flat, it will take a very major

MMRS does not expect any jolt to reverse the falling trend headlong collapse in non-pre-cious metals prices because in prices." Metals Analysis and Outlook markets, although easier, "are by no means massively overquarterly, £300 a year from MMRS, 222 the Strand, London, WCZR IRA. supplied."

Short supply drives tea prices higher in London

By David Blackwell

TEA PRICES rose sharply in London yesterday – "we have a very, very strong market on our hands," said one trader. The medium quality price rose to 145p a kilogram from 134p last week, when prices rose by 10p a kilogram

10p a kilogram. The main force driving the market up is a shortage of sup-plies from India and Sri Lanka. the world's two leading exporters. The shortages follow droughts in southern India and Sri Lanka, where the weather problem has been compounded by the country's the political trouble

Prices strengthened through-May and June as news of

prepared to accept that we were short of tea. There was a good deal of resistance from the market - bnt now the worm has turned."

Both India and Sri Lanka are about 25m kilogrammes down on their crops this year. Kenya the only country to have

added to its crop, which is expected to be up about 10m kilos, leaving world output so far this year about 40m kilos. down on 1988. Prices for tea in India, where domestic demand is strong,

have soared. The country is torn between two stools as it tries to balance the need to

TURKEY will have to import Grain and bread prices have five million tonnes of grain at a cost of up to \$1im as a result risen dramatically as a result of the drought. of poor harvests due to the The state-owned Soil Prod-ucts Office (TMO) will finance drought in the spring, accord-

Turkey to import 5m tonnes

of grain after spring drought

from Rotterdam to import the

grain, since there are no marine installations in Turkey

the imports of grain from about \$200 million remaining of its allocation of country co-operation credits from the US Department of Agricolture, ing to officials, This is much more than was originally predicted and is expected to have a sizeable impact on the current account, already back in deficit after a \$1.500 million surplus last year. loans being negotiated with France's export credit insur-ance agency Coface, and its

This reverses a net export surplus last year from a grain crop estimated to be 15 million own resources. Last week it signed up a \$50 tonnes. The drop in the wheat million loan at Libor plus 1/2 crop this year is about 25 per per cent with a consortium of banks lead managed by France's Banque Internatio-

capable of handling Panamax class ships. The terminals will be moored in Derince bay, where TMO has long-term plans to construct a major import terminal. The rate of discharge will be 15,000 tonnes a day for transhipment into

smaller vessels. The most arid summer in more than 50 years has hit non-irrigated agriculture throughout the country. Pulses have suffered badly too, while the cotton crop is down. According to the State Insti-

640.000 tonnes for shipment this year, writes John Barham in Sao Paulo

in May the Government abol-ished the Sugar and Alcohol Institute's role as sole export agent and allowed producers to export sugar directly. Disputes

restricted exports as snpplies of sugar and alcohol ran dangerously low. Producers preferred to export since domestic sugar prices barely covered production costs while export prices have soared this year.

Brazil approves sugar export target

Brazil has approved a sugar stock prevented implementa- gressional bill establishing that

In August the Government

Institute for each shipment, to protect domestic stocks. The measure will to remain until the end of May 1990. The Government will later establish an export quota for the five months from January 1990.

the droughts came in. Prices reached 130p a kilo for medium quality tea at the beginning of July but have remained fairly flat since. One trader yesterday: "An awful lot of buyers were not

export against the growing domestic market in an election year.

WORLD COMMODITIES PRICES

BULLION MARKET

Calls

Cells

214 184 152 173 139 238

Nov Jan

2889 22

78 53 34

Nov Dec Nov

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a Stonne Nov Jan Nov 101 49 20 103 42 12

E equivalent

230¹2-231 230¹2-231 231.323 229.967

£ equivalent

237 12-240 14 237 2-240 4 235 12-238 4 230 12-232 1 5414-65 5414-65 306.75-310.6

US cts equiv

Put

Pt

306.75 517.90 529.15 551.45

> 14 719

53 00 139

NOV

48 80

Mar Dec Mar

21 45

16 28 52 3888

35.59 90

Dec

It has decreed that alternate tea auctions should be made available to domestic huyers only,

cent compared with 1988. According to officials the bar-ley crop is worse, about 40 per nale de Commerce (BIC). Two large floating terminals cent down.

Foreign experts say that based on satellite intelligence the crop might be 40 per cent to 50 per cent down.

title of Statistics the trend is for a 19 per cent contraction in agricultural output this year, based on January-June data. have been leased for four years

If soil moisture is not replenished by winter or spring rains next year could be much worse.

LONDON MARKETS

COPPER prices eased on tha LME yesterday following news that LME warehouse stocks for last week rose by more than axpected, jumping by 9.525 tonnes to 97,200 tonnes - the highest lavel since early April. This compares with a low for the year of 67.875 tonnes in late July. Some tradars thought current arbitrege levels could induce shipment of unwanted metal from LME warehouses to the US in order to help relieve supply tightness on Comax. Aluminium prices also closed down after moving ahead in the morning on news of a 2,350 tonne fall in LME stocks. Tradars said the lower and of the current \$1,680 to \$1,740 a tonne trading ranga is axpected to come under pressure as slocks - particulalry producers' - are expected to rise in the fourth quarter unless there is an improvement in demand or some production cuts.

SPOT MARKETS		
Crude oil (per barrel FO2)		+ or -
Outbal Brent Blend W.T.I. (1 pm esk)	515.65-5.70 518.00-8.05 519.90-9.95	w +0.20
00 products (NWE prompt delivery per l		+ or -
Premium Gasoline Gas Oil Heavy Fuel Oil Naphtha Petroleum Argus Estimates	\$205-207 \$171-173 \$89-90 \$156-158 \$	+ ½ +1½
Other		+ or -
Gold (per troy oz) Silver (per troy oz) Platinum (per troy oz) Palladium (per troy oz)	\$361.25 508c \$471.15 \$139.00	+4.75 +4 +0.50 -0 75
Aluminium (free market) Copper (US Producer) Lead (US Producer) Nicket (free market) Tin (Kuala Lumpur market) Tin (New York)	374.Sc	-35 +134 -5
Zinc (US Prime Western) Cattlo (live wolght)† Sheep (dead weight)† Pigs (inve weight)†	80%e 113.64p 130.74p 105.31p	-3.10" -13.6" +2.07"
London dally sugar (raw) London dally sugar (white) Tote and Lyla export price		+5.2 +3 +3.5
aarley (English food) Maize (US No. 3 yellow) Wheat (US Oark Northern)	£107.75× £126 £126	
Rubber (spot)♥ Rubber (Oct)♥ Rubber (Nov)♥ Rubber (KL RSS No 1 Oct)	57.75p 60.75p 81 50p 237.5m	-0.75 -0.75 -0.75
Coconut ol (Philippines)§ Palm Oli (Malaysian)§ Copra (Philippines)§ Soyabcans (US) Cotton "A" index Wooltops (64s Super)	5507.5v \$317.5w \$295 £179 82.65c 6080	+0.15

£ a tonno unless otherwise stated, pc-conts/lb. r-ringgil/kg. y-Oct/Nov. x-Oct/Dec 1-Aug/Sep v-Sep/Oct w-OcL q-Nov. z-Dec. Meat Commission average fatslock prices. " change from a week ago. WLondon physical market. SCIF Rotterdam. Scillon market m-Malaysian cents/kg

COCO	A - Lon	_	£/lorane	Ľ
	Close	Previous		
Sep Dec	725 780	760 819	735 725 790 775	10
Mar	745	784	758 744	3
Jul	751 765	790	765 750 779 763	ā
Sep	778	819	797 779	C
Dec	802	846	821 800	3
Turney	er: 9657 (8293) lota	of 10 tonnes	L
price k	or Sep 15	922,99 (SU	Rs per lonne). Daily 5.76) :10 day average	3
	p 18 930.9			N
COFFE	SE ~ Lon	don FOX	£/lonne	
	Close	Previous	High/Low	3
Sep	772	790	788 769	<u>_</u>
Jan	784 781	800	798 782 793 780	5
Mar	795	803	807 793	z
May Jul	815	620 645	823 810 843 836	G
Sep	860	865	863 652	S
Turnov	er: 2546 (1620) lots	of 5 tonnes	21
ICO In	dicator pr	ices (US	cents per pound) for	G
	.17 (70.13)		(68.52). 15 day ever-	3
_	R - Lond		(3 per tonne)	s
Raw	Close	Previous		
Oct	315.50	306.40	317.00 307.00	
Dec	318.00	307.60	307.00	-
Mar May	309.00	236.60 293.00	310.00 300.00	No
Aug	294.20	288.00	302.40 294.20 294.00 287.40	59
Oct	285.60	281.00	285.40 282.00	Ap Ma
White	Close	Previous	High/Low	Tu
Dec	400.00	392.50	400.00 393.00	_
Mar May	381.50	372.00	381.00 371.00 377.50 373.00	50
Aug	378.00	389.00	375.50 375.00	-
	367.50	359.00	363.00 361.00	De
	03 (2278).		Note of 50 connes.	Fe
Paris- V	White (FFr	per tonne)	Oct 2630, Dec 2520,	Tu
Mar 23	50, Magy 2	New, Aug 2	430, Oct 2420.	FR
CRUDE	(OIL - 9		\$/barrel	_
	Close	e Previo	us High/Low	Se
Nov	17.79		17.86 17.77	OC Ja
Jan	17.64		17.69 17.61 17.50	Ap
IPE Inde	ex 17.63			Tu
Turnove	xr: 3829 (3	961)		10
CAS OI	1. – Pİ,		\$/tonne	G
	Close	Previous	High/Low	-
Oct.	168.50	167.50	170.00 168.25	Se
Nov	166.50	165.00	167.75 166.25	No
Dec	164.75 163.50	163.50 162.25	165.75 184.75 164.50 163.25	Ma
Feb	180.50	159.75	162.00 160.25	Ma Jur
Mar	156.25	157.00 152.50	157.50 156.00 154.50	-
Apr	-			Ba
Umove	r 0909 (5/	ar ports or	100 Ionnes	No
TEA				Jar
			es on offer	Me
			orts the TGa ew season	Tur
Assan	n offerings	again me	good	Tur
			ith best quality	-
There	were stro	ing and der	and often deerer. agree demand for	PK
Africa	n teas writ	h prices sh	owing advances	_
			netimes more.	Oct
regula	rly dearer	ievels. in	the offshore	Fet
auction	n a small	selection d	Kenya teas met	Apr
			n 145p (134p).	Aug
low m	edium 120	p (110p).		Tur

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LONDON	METAL EXC	HANGE	(Pr	(Prices supplied by Amaigameted Metal Trading				
	Close	Previous	High/Low	AM Official	Kerb close	Open Interest		
Aluminiu	a, 96.7% pur	(S per tonne)			Pling turn	over 18,700 torms		
Cash 3 months	1677-80 1683-5	1693-6 1690-3	1680/1675 1705/1680	1677-80 1685-8	1690-5	33,776 lots		
Copper, C	irade A (E per	torme)			Ring turns	ver 27,700 tonne		
Cash 3 months	1866-7 1860-1	1854-6 1875-6	1870/1865 1670/1856	1965-70 1565-6	1857-8	71,861 lots		
Loed (2 p	er tonne)				Fing turr	over 7,625 tonne		
Cash 3 months	464-6 455.5-6	465-8 458-7	465/465 458/452.5	465-8. 458-7	458-8.8	11.888 Lots		
Nickel (S	per tonno)				Ring tu	mover 905 tonne		
Cash 3 months	11075-125 10775-80	11000-50 10740-60	10990 10650/10700	10980-1000 10725-50	10795-500	6,029 lots		
Tha (\$ per	tonne)				Fing turnover 445 t			
Cash 3 months	8125-50 8225-60	8090-130 8220-30	8125 8300/8200	8120-30 8230-40	8220-50	5,714 lots		
Zinc, Spe	cial High Grad	e (S per tonne)			Ring turns	ver 10,500 torms		
Cash S months	1632-5 1625-30	1645-50 1630-3	1631/1630 1635/1625	1631-2 1620-5	1635-45	13,699 lots		
Zinc (S pe	r tonne)				Ring turn	over 5.425 tonine		
Cesh 3 months	1610-20 1575-80	1615-25 1585-90	1020/1610	1815-20 1575-85	1590-600	5,595 lots		
	LINE Closing £/3 rate: SPOT: 1.5895		610	6 months: 1.5323		- 9 months: 1,5168		

	1025 - 1			£/tonne	LONDON BI	
	Close	Previous	High/Low		Gold (Time oz	
Nov	141.0	140.0	140.0		Close	
Feb	177.0	170.0				381-361-1
Apr	221.0	218.6	221.0 217.0		Opening	36012-361
May	250.0	245.0	245.0 244.0	1	Monting fix Attention fix	350.1
Turnov	er 342 (2	11) lots of 4	io sonnes.		Day's high	3614-3617
SOYAE		AL - BRE		E/tonne	Day's low	359 4-359
_	Close	Previous	High/Low		Coins	\$ price
Oct	151.00	153.00	1.1		Mapleteat	372-377
Dec	150.00	151.50	150.00		Britanula	312-317
Feb	148.50	150.00	149.00		US Esgle	372-377
Turnove	¥ 27 (11)	lots of 20 th	onnes.		Angel Krugerrand	370-875 361-364
-	-		_		New Sov.	85-86-2
	IT POTO	RE3 - 871	sto/ind	an point	Old Sov.	85-6612
	Close	Previous	High/Low		Nobie Plat	476.5-484.3
Sep Oct	1443 1504	1436	1443 1430		Silver fix	Differe oz
Jan	1568	1487 1542	1504 1482			
Арг	1605	1582	1568 1545 1607 1585		Spot	325.55
BFI	1434	1433	1000		S months	336.70
Turnow	r 379 (14		_		6 months	345.15
	a ora (14	oj.			12 months	370.10
_	- 872			E/bonne	THADED OFT	10815
theat	Close	Previous	High/Low		Akuninium (9	8.7%) (
Sap	104.90	104.30	104.90		Strike price 3	tonne Nov
lan	111.45	111,10	107.50 107.3		1800	444
Mar	114.25	113.85	111.65 111.1	15	1700	103
May	117.65	117.00	117.85		1800	42
lun	118.85	118.35	118.80		1000	12
				_	Copper (Grad	e A) (
Barley	Close	Previous	High/Low		2750	214
18p	101.00	100.50	100.80		2850	152
lov	103.55	103.35	103.70 109.3	35	2350	139
an	107.60	107.30	107.75 107.6			
ler	110.60	110.30	110.60		Collee	Nov
Asy	112.90	112.65	112.90			_
umove	r: Wheat	195 (283).	Bartey St (68	n.	750 860	55
umove	r lots of	100 tonnes.			800	29
						13
	BFE	(Ca	ish Settlemer	nt) p/kg	Cocos	Dec
10S -	_					
	Close	Previous	High/Low		700	87
Det	Close 130.0		High/Low		750	51
)ci kav	Giose 130.0 131.1	Previous 129.2 131.0	High/Low 131.0			
Dot lov eb	Giose 130.0 131.1 121.0	Previous 129.2 131.0 120.5	-	_	750 800	\$1 26
Dot kov leb kpr	Close 130.0 131.1 121.0 120.5	Previous 129.2 131.0 120.5 120.5	131.0		750	51
Dot lov eb	Giose 130.0 131.1 121.0	Previous 129.2 131.0 120.5	131.0		750 800	\$1 26

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2	US MARKETS
;	IN THE METALS, gold silver and
•	platinum prices fell slightly as scattered profit taking erased some of
	Fridays gains, reports Drexel Burnham
2	Lambert. December gold lost 2.40, the
	days biggest decline. Buy-stops helped
	copper post a modest rally but
	switches made up most of the volume,
	In the softs, sugar prices soared on
	news that hurricane hugo is beaded for
	growing regions in Cuba. October
	sugar advanced 39 closing at 14.36.
	Cocoa trading was also active as
	heavy commission house selling was
	teatured. The livestocks had higher
	prices in the bogs as increased
	commerical buying was seen. Cattle
	futures were lower due to long
	liqudation ahead of the cattla on feed
	report. Pork bellies closed changed.
	Tha grain markets were all lower due
	mostly to steady commarcial activity
	and favorable weather this week In
	Mid-Western US. The energy complex - was mixed after two-sided action.

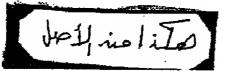
GOLI) 100 troy	oz.; S/troy o	¥2.	
	Close	Previous	High/Low	
Sep	361.7	363.9	0	0
Oct	362.8	365.2	364.0	381.3
Nov	364.7	367.1	0	0
Dec	366.5	268.9	367.7	355.0
Feb	370.4	372.9	371.5	369.3
Apr	874.4	376.9	374.9	373.0
Jun	378.6	381.1	376.1	379.0
Aug	382.7	385.Z	0.	0
Oct	357.0	389.5	0	0
PLAT	NUM 50 1	roy cz; \$/hrc	y oz.	
	Close	Previous	High/Low	
Óct	474.7	476.8	478.7	472.0
Nov	475.5	477.7	0	0
Jan	478.2	480.6	400.0	478.0
Apr	481.2	485.6	453.0	480.0
Jul	484.2	486.6	484.5	484.5
Oct	487.7	490.1	0	0

n		Close	Previous	High/Low	
4	Sep	506.3	508.4	508.0	506.0
	Oct	508.0	810.2	0	0
4	Nov	512.4	514.8	0	ō ·
	Dec	516.3	S18.5	519.0	518.0
	Jan	519.3	521.5	0	0
3	Mar	527.8	529.9	530.8	526.6
3 .	May	535.7	537.8	537.5	537.0
g	Jul	543.7 .	545.8	545.0	544.5
	Sep	652.0	554.T	553.1	552.0
n	Dec	\$63.8	565.8	695.0	563.0
				·	
9					

	er 18 1931	
Cart 14		
Saby In	manth ago	yr eg
1895.7	1900.1	1890.6
se: Dec. S	1 1974 = 1	00)
128.64	120.34	133.3
129.60	129.97	135.25
	se: Dec. S	se: Dec. 31 1974 = 1 128.64 129.34

COPPER 25,000 fbs; cents/fbs					Chicago				
	Close	Previous	High/Lo				.000 bu min;		
Sep	137.80	136.30	139.20	137.60					_
OV	129.80	128.75	131.60	131.00		Close	Previous	High/Low	·
;	127.70	126.75	129.20	127.10	Nov	572/2	583/4	579/0	571/
					Jarr	578/6	576/4	573/0	557/ 577/
5	DE OIL (LI	Ht) 42,000 L	IS galls 3	/barrel	Mar	590/6	598/2	594/4	5904
	Latest	Previous	High/Lo		May	599/2	607/2	603/4	5004
-		_		_	Jut Aug	595/C	812/4	608/0	603/
,	19.69	19.96	20.07	19.88	Sep	581/0	586/0	590/0	0 581/
	19.37	19.34	19.45	19.33					
Б.	19.14	19.70	19.20	19.10	501		L 60,000 lbs;	cents/ib	
x	18.81	18.94	19.02	18.95		Close	Previous	High/Low	,
T y	18.73	18.69	18.73	18.73	Sep	18.57	16.73	18.71	18.5
•	18.70	18.63	78.70	18.86	. Oct	18.66	18.77	18.85	18.05
	10.00	18.57	18.80	18.00	Jon.	19.08	19.23	19.30	19.05
-		0.000			Mar	19.76	19.90	19.54	19.32
1		2,000 UB ga			May	20.07	20.22	20.29	20.05
	Latest	Previous	High/Lo	w	Jul Alig	20.60	-1.60	20.50	20.50
	5675	5595	5650	5565		· · ·	20.55	20.70	20.60
	5850 5695	5646 5696	5710	5636	SOYA	DEAN ME	AL. 100 1018;	\$/100	
	- 5565	5633	5770 5710	5855		Giose	Previous	High/Low	
•	5570	5546.	5595	5335	Sep .	208.7	205.5	206.5	204,6
r	5336 8160	5341	5365	5335	Oct	189.1	190.6	190,1	188.2
	4940	5146	5160	5150	Dec Jag	783.0	184.8	184.2	182.2
	4905	4891	4905	4891	Mar	161.7 179,7	163.2 161.4	182.7	181.0
					May	179.0	180.5	181.0	179.1
C	A 10 tonn	e;3/tonnes			Jul	176.7	. 177.8	177.0	175.6
	Close	Previous	High/Los		Aug	175.0	176.2	178.0	174.5
	1035	1102	1065	1031	MAIZ	E 6,000 bu	min; cente/	Mit bunnet	
	1036	1093	1058	1033		Cione	Previous		
	1049	1107	1072	1048	Sec	234/2		High/Low	_
	1114	1121 1170	1085 1136	1063	Sep	226/0	235/0 230/2	234/6 228/4	2337
				1123	Mar	235/2	237/4	236/0	234/2
ì	E "C" 37	500lbs; cen	n/ine		May.	240/5 243/4	243/0	241/4	240/0
	Close	Previous	_		Sep	236/2	245/2 237/2	244/4 238/6	243/0
•	80.25	_	High/Lon		Dec	232/2	233/2	234/6	232/2
	79.37	80.83	80,30	79.00	WHERE A	T-5.000 N	sala; cents/	and an and a state	·
	81.93	83,15	82.90 _	80.85		Close	Previous		_
	83.98 85.93	87.25	84.95	83.05	Ree	-		High/Low	
	87.88	89.50	87.25 89.50	85.75	Sep Dec	362/2 391/2	388/6	388/0	381/0
	90.83	92.00	81.10	90.50	Mar	391/2	395/4	295/2 394/6	390/5
					May Jul	371/0	375/0	375/2	370/4
-		71* 112,00	O libe; cer	nts/ibe	Sep	343/8	348/0	34544	343/2
	Close	Previous	High/Low	v -				351/2	3490
t I	14.35	13.97	14,40	14.03	LIVE		,000 lbs; can	ts/ibe	
	15.65	13.10	13.10	13.00		Close	Previous	High/Low	
	13.92	13.41	18.96	18.52	Sep	89.00	69.10	0	
·	18.34		13.60 13.96	13.25	Oct	72.02	72.45	72.46	69.00 71.90
	12.83	12.82	12.95	13.05	Dec	73.77	74.05	74.25	73,00
					Apr	73.52	73.52	73.62	78.42
R	W 50,000;	conte/line			Jun	71.55	72.00	74.50	74,25
-		_			Aug	69.80	70.15	70.15	71.45 69.70
-		Previous			LIVE	065 30 0	00 fb: cents/t		
	74.40	74.45	75.40	74.40	-	Class.			1
			75.50 78.50	74.65		Cione	Previous.	High R.on	
		76.05	78.30	75.45 76.30	Oct	41.65	40.07	41.70	40.85
	76.70	76.62	77.00	75.70	Dec	42.77	42.45	42.85	42.32
	70.15		70.26	70.00	Apr	44.02	43,72	44.17	41.65
_					Jan	46.35	46.30	41.95	41.50
	E JUICE 1	5,000 Ibe; c	ante//		Jul	46.87	46.65	46.90	48.20
					Aug Oct	45.42	45.32	45.50	45.30
_	-	Previous I				42.50	42.30	42.60	43,25
•	155.20		54,75 30 75	148.00	PORK	BELLES (0.000 lbs; ce		
	136.50		39.75 . 38.15	137.20		Close	Previous		
	136.00 1	35.15 1	37.50	135.50	Feb	48.20		High/Low	
ĺ	135.50 125.00	34.65	36.90	138.90	Mar	48.35	48.25	48.30	47.50
•	134,50 1	34.25 0	· •,	0	May	49.50	49.60	48.45	48,05
	44	34.10 0		0	Aug	49.77	48,80		46.50
		-		-		46.80	46.00	48.90	

	Close	Previous	High/Lon	_
Sep	572/2	583/4	579/0	571/0
Jarr	578/6	586/2	503/4	557/0 577/5
Mar	590/6	598/2	594/4	590/0
May. Jut	599/2 504/2	607/2 812/4	603/4	503/0
Aug	595/0	60240	0	603/4 0
Sep	581/0-	586/0	590/0	581/0
SOY/	UBEAN OIL	00,000 lbs; (omis/ib	
	Close	Previous	High/Low	
Sep	18.57	18.73	18.71	
Oct	18.66	18.77	18.65	18.52
Dec	19.08	19.23	19.30	19.05
Mar	19.76	19.50	19.54	19.32 19.75
May	20.07	20.22	20.29	20.05
Jul Aug	20.60	-3.60	20.60	20.50
_	1		20.70	20.60
90Y/		AL. 100 1018;	\$/1011	
	. Close	Previous	High/Low	r
Sep .	206.7	205.8	206,5	204,6
Dec	189.1	190.6 184,8	190,1 184,2	188.2
Jan	161.7	163.2	182.7	182.2
Mar	179,7	181.4	181.0	179.1
Jul	176.7	177.8	180.0 177.0	178.5
Aug	175.0	176.2	175.0	175.6 174.9
MAIZ	E 6.000 hts	min; cents/5	ab humbel	
	Ciose	Previous	High/Low	
Sep	234/2	235/0	234/6	233/0
Dec	226/0	230/2	228/4	227/2
Mar May	235/2	237/4	236/0	294/2
Jul	240/5	243/0	241/4 244/4	240/0
Sep	235/2	237/2	238/6	243/0
Dec	232/2	233/2	234/6	232/2
WHE.	T-5,000 bu	min; cente/8	01b-bushel	
	Close			_
_		Previous	High/Low	
Sep	382/2	368/6	388/0	S81/0
Sep Dec Mer		388/6	388/0	381/0
Sep Dec Mer Mey	382/2 391/2 391/2 371/0	368/6 396/2 395/4 .375/0	388/0	S81/0
Sep Dec May Jul	382/2 391/2 391/2 371/0 343/6	388/6 396/2 395/4 .375/0 .348/3	388/0 295/2 394/5 375/2 345/4	381/0 390/6 391/0 370/4 343/2
Sep Dec Mar May Jul Sep	382/2 391/2 391/2 371/0 343/6 349/0	388/8 398/2 396/4 375/0 348/0 350/4	388/0 295/2 394/6 375/0 346/4 351/2	381/0 390/5 391/0 370/4
Sep Dec Mar May Jul Sep	362/2 391/2 391/2 371/0 343/6 349/0 CATTLE 40	388/6 396/2 395/4 .375/0 .348/3	388/0 295/2 394/6 375/0 346/4 351/2	381/0 390/6 391/0 370/4 343/2
Sep Dec Mar May Jul Sep	382/2 391/2 391/2 371/0 343/6 349/0	388/8 398/2 396/4 375/0 348/0 350/4	388/0 295/2 394/6 375/0 346/4 351/2	381/0 390/5 391/0 370/4 343/2 343/2
Sep Dec Mar May Jul Sep LIVE (382/2 391/2 391/2 371/0 343/6 349(0 Ciose 69.00	388/6 396/2 395/4 375/0 348/3 350/4 000 lbs; cent Provious 60, 10	388/0 295/2 394/6 375/2 346/4 351/2	381/0 390/5 391/0 370/4 343/2 343/2
Sep Dec Mar May Jul Sep Live c	382/2 391/2 391/2 371/0 343/6 349/0 Close 60.00 72.02	388/6 596/2 396/4 375/0 348/0 350/4 000 fbs; cum Provious 68:10 72.46	38840 395/2 394/5 375/2 346/4 351/2 #/ibe High/Low 0 72,46	381/0 390/5 391/0 370/4 343/2 349/0 69.00 71.90
Sep Dec Mar May Jul Sep LIVE (Sep Oct Dec Feb	382/2 391/2 391/2 371/0 343/6 349(0 2ATTLE 40 Cicces 69.00 72.02 73.77 73.52	388/6 396/2 396/4 375/0 375/0 375/0 376/4 376/0 Previous 61,10 72,45 74,05 73,52	38840 385/2 394/5 375/2 346/4 351/2 2/10e High/Low C 72,45 72,45	381/0 390/5 391/0 370/4 343/2 349/0 70/4 349/0 71.90 73,80
Sep Dec Mar May Jul Sep LIVE (Sep Oct Dec Feb Apr	382/2 391/2 391/2 371/0 343/6 349(0 Close 69.00 72.02 73.77 73.52 74.27	388/6 396/2 396/4 375/0 348/0 348/0 348/0 348/0 360/4 Previous 68/10 72/45 74.05 74.52	38840 395/2 394/5 375/2 346/4 351/2 #/ibe High/Low 0 72,46	381/0 390/5 391/0 370/4 343/2 349/0 749/0 71,90 73,90 73,90 73,90
Sep Dec Mar May Jul Sep LIVE (Dec Feb Apr Jun	382/2 391/2 391/2 371/0 343/6 343/6 343/7 Close 60.00 72.02 73.77 73.52 73.52 71.55	388/6 396/2 395/4 375/0 375/0 375/0 375/0 376/4 000 fbs; cent Provious 61/0 72/45 74.05 73.52 74.05 73.52 72.00	38840 395/2 39446 373/2 375/2 375/2 375/2 375/2 m/be High/Low 0 72,46 74,50 71,50 71,00	381/0 390/5 391/0 370/4 345/2 345/0 71.90 71.90 73.90 74.25 74.25
Sep Dec Mar May Jul Sep Oct Sep Oct Dec Fab Apr Jul Aug	382/2 391/2 371/0 343/6 349/0 Close 69.00 72.02 73.77 73.52 74.27 71.55 69.80	388/6 396/2 395/4 375/0 350/4 000 fbs: cani Previous 65,10 72,45 73,52 74,52 72,00 70,15	28840 29542 39446 37542 34646 351/2 24646 351/2 0 72,46 74,20 73,52 74,50 74,50 74,50 74,50 70,15	381/0 390/5 391/0 370/4 343/2 345/0 71.90 71.90 73.90 73.90 73.90
Sep Dec Mar May Jul Sep Oct Sep Oct Dec Fab Apr Jul Aug	382/2 391/2 391/2 371/0 343/6 343/0 343/0 343/0 343/0 Ciore 60.00 72.02 73.77 73.57 73.57 73.57 74.27 71.55 60.80	388/6 396/2 395/4 375/0 375/0 375/0 375/0 376/4 000 fbs; cent Provious 61/0 72/45 74.05 73.52 74.05 73.52 72.00	28840 29542 39446 37542 34646 351/2 24646 351/2 0 72,46 74,20 73,52 74,50 74,50 74,50 74,50 70,15	381/0 390/5 391/0 370/4 345/2 345/0 71.90 71.90 73.90 74.25 74.25
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The success of mobile services is reflected in soaring stock market values for operators and an interest in new concepts. However,

to meet rising customer demand, companies need to push forward the boundaries of technology Hugo Dixon reports:

Poised for the mass market

MOBILE communications are that when costs fall consumers on the threshold of becoming a mass market

Despite the industry's stunning growth in the late 1980s, cellular communications have still only peneirated a specific . portion of the business commu-nity — people such as sales-men who travel a great deal in their jobs and top executives. The advantages of being in touch and being able to use efficiently what would other-wise be hours of "dead" travel-ling time each week have been so great that the high costs of owning and using a cell phone have not been a deterrent for these customers. However, the vast majority of people in industrialised

countries while attracted hy the concept of mobile communications have been put off by the size of the bandsets and by the costs. In the UK, where prices are among the lowest, a portable phone costs £1,000 and charges are 38p a minute, about four times as much as calls from an ordinary phone. The prospect now is that advances in technology, the introduction of more competition and economies of scale can together drive down prices to such a low level that, by the end of the century; mobile communications-will be within. reach of the ordinary con-

and charges that are only a call rates are the conditions necessary to achieve this, experts say. The exact path to this goal is still a matter of debate and it seems likely that some of the more ambitious targets for more ambitious targets for creating a mass market by the mid-1990s will not be met. Britain, for example, is press-ing ahead with two new mobile concepts - telepoint and per-sonal communications, both of which are intended to appeal to the mass market - but other countries may adopt dif-ferent technical approaches. How these arguments are resolved will have a profound impact on which companies make money out of mobile communications. But they are not likely to affect the growth of the market in the long-term, because of the appeal to the average person of being able to pack more social and business engagements into their tight schedules. Whether the mobile revolution will liberate humanity by giving people greater control over their lives or enslave humanity by speeding up the rat race remains to be seen. There is little doubt, though,

will snap up mobile phones in the same way that they previ-ously took to cars, televisions and video-recorders.

Although the conversion of mobile communications from a specialist into a mass market is dominanting the industry, there are four other trends. Mobile communications technology has the potential to replace fixed links for providing local phone calls. Instead of digging up roads and laying down expensive copper cables, which need considerable maintainance, local calls could be transmitted over radio links, The simplest and cheapest option would be to have a base

station in every office and at the end of every street, and allow customers to use their handsets only if they were within range of that particular base station. A more sophisticated alternative would be to allow customers to use their handsets at any base station, but this would add to costs

The use of radio links to provide the ordinary phone ser-vice could be attractive to developed nations which are keen to promote competition. The idea is also being exam-ined by less-developed countrips as a way of constructing from scratch a basic phone network quickly and cheaply.

This does not mean, though, that cable links will be redun-dant, because radio has inher-



Mobile Communications

Mobile communications serrequire considerable co-ordinavices are going international. The most important develoption, both technically and commercially. But, in Europe, the advent of the single European ments are in Europe, where there are several initiatives for market in 1992 has given the ensuring that people will be process of integration a special able to roam across the conti-nent with the same piece of impetus The largest project is the pan-European cellular system, equipment, and stay in con-

These international services

BILLED as the flagship project in the European Commission's harmonisation plans, the pan-European cellular radio scheme promised to re-establish European communications companies as world class electronics manufacturers. In prac-- tice the scheme, set up to be a model of European co-opera-tion, is disintegrating into r- recrimination and mistrust.

been the formation of a series of cross-horder alliances between companies wishing to attack what could be a lucrative market.

The first cross-border initiative, however, will be Euromes-sage, a paging network due to start next January in West Germany, France, Italy and the UK. A fully pan-European syswhich is due to start its rollout in 1991. One by-product has

tem, called Ermes, is likely to

There are also moves to create pan-European telepoint and private mobile radio systems, though these are still at early stages of development. Mohile data is likely to hecome an important niche market. Already people are linking up their laptop comput-

by Psion of the UK, with some form of mobile communications, probably paging - the office in the pocket. Much tech-

Industry

Celluler communications in the

US and In Japan; Personal

Talepoint in the UK; Veluation

procedures for companies

Radio-paging

waves.

nology.

ploughshares is poor. Although technology devel-Satellite communications will be another niche market. The most important epplica-

driven by the Japanese because of skills they have learned in promoting other mass-market products. Such a threat was behind the

lorries. These developments in mobile services are reflected by tremendous ferment among mohile equipment makers. To satisfy customer demands, they are having to push for-ward the boundaries of tech-

First, the industry is switching from analogue to digital transmissions, which give better reception and allow more phone calls to be crammed on to a given part of the radio spectrum. Second, higher radio fre-

tions are probably communica-

tions from aircraft, and keep-ing track of long-distance

quencies are being used because the existing frequencies are hecoming overcrowded.

Third, equipment is becom-ing smaller and cheaper. Relying on advances in semicon-ductor technology is not enough to achieve this, because mohile communica-tions are also dependent on hettery and redio technology which are advancing less quickly. As e result, ettention is focusing on redesigning systems to make them cheaper - if necessary, by sacrificing features.

The switch to more sophisti-cated technology also throws up the possibility that companies which have thrived in the initial era of mobile communications will not be able to maintain their dominance in the future. Such a change could help European and US manufacturers in their battle

against the Japanese. The hope is that companies

> in manufacturing analogue equipment, such as Motorola, Ericsson and Nokia Mobira. Motorola has supplied vali dation systems for the Scandiavian countries and West Germany, a pre-operational system for Spain and the first commercial phase system for Cellnet in the UK. Ericsson has supplied systems to Vodafone in the UK, France Telecom and the Swiss operator. A consortium of AEG of West Germany, Alcatel and Nokia of Finland has also fared well, plcking up orders from West Germany, France, Fin-land and Austria. Newcomers such as Orbitel in the UK have been less fortu-nate. It has received one order from Racal (which is one of the joint shareholders in the company) and will supply some equipment under the deals

start in 1993.

Della Bradshaw examines cellular communications in Europe

Wrangles hit flagship project

technical specification for the In addition to the patents pan-European project. Should issue European manufacturers have one other worry: that should those holding the patents be allowed to deterphone networks, they have Britain's current generation of cellular phone users, could clean up in the digital phone ample time hefore 1991 to develop the phones themselves market, too. Behind the pan-- an equally lucrative section European scheme was the tacit of the market. From the consumer viewunderstanding that Japanese

Satellite-based communications; infrastructure manulecturers; Handset

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mobile

manufacturers Front page Robin MacFarlan illustration:

which are experts in military ers to cell phones - the office in the car. The next step will be the combination of pocket communications, such as GEC-Marconi of the UK, will be eble to make an impact in the computers, such as those made market because many of the nical work, though, needs to be done to improve the quality of data transmissions over the air

CONTENTS

- 3

new ideas in civil communications have already been pioneered in the military arena. However, the pest record of companies turning swords into

opments may help the Europe-ans, the creation of 2 mass market is more likely to be

alliance announced last month between Ericsson, the leading Swedish manufacturer, and General Electric of the US. Ericsson felt it needed e partner like GE, which has strong marketing skills, to build up e large enough position in the handset market.

Technology and competition are also threatening the posi-tions of the established cellular operators. For most of the past year, the share prices of cellu-lar companies on both sides of the Atlantic soared, but in June and July they collapsed as investors suddenly realised that the structure of the market was in flux.

The effect wes most dra-matic in the UK, where the Government announced its intention to license two or three new personal communications operators to compete with the two existing cellular companies. The established operators thought they were safe from competition because the air waves were already full, hut advences in technology meant that previously unused higher frequencies could be

opened np. A further development which could undermine the position of the established operators is the interest now being shown in the US and UK in auctioning the air waves to the highest bidders. This would add to costs and facilitate the arrival of new competitors.

ently poorer quality and can-not carry large volumes of traffic. The method of transmitting advanced data and video services will be via fibre-optic rather than old-fashioned copper cables. Topler causes. The personal numbers will be introduced. Some commenta-tors confuse these with per-sonal communications, but the two concepts are actually par-

Inlar radio project was to develop one mobile telephone network for the whole of Europe, run by individual operallel developments. The idea is that everybody should have a personal num-ber, which would be different ber, which would be different from the number of any hand-set he or she happened to be using. If people wanted to get hold of a person, they would call the personal number; if they wished to get hold of a particular location — an office, ators in each country. That

would mean e customer buying a car phone in, say, Munich would be able to use the same phone in Paris, London, Mad-rid or Oslo. When implemented the a home or even a mobile phone - they would call the number for that location. scheme will be one of the most technically advanced in the world, and the first widespread non-military application of radio signalling which is digi-tal – the language used by

for that location. Personal numbers would allow people to be in contact, even if they were not carrying a mobile phone. They would, of course, have to tell the net-work where they were. To make this easy, personal num-bers would probably be con-tained on special plastic cards called smart cards. computers. But the commercial interests of manufacturers involved in the scheme has proven the

downfall of co-operation. At issue is what should hap-pen to patents infringed by the

From the consumer's point of view it looks as if the wranmine the terms for their use? gles will not hinder the open-Motorola, the US electronics ing of the services on schedule in 1991. But one of the main aims of the project - to huild group, has been cast as the vil-lain of the peace in the issue, but other manufacturers, such up a strong European manufac-turing hase from which to export equipment and experas Philips of the Netherlands, Ericsson of Sweden, and Alcatel of France also have patents tise - may be alipping from the grip of manufacturers. The thinking behind the celwhich are affected by the new digital specification. Manufacturers and tele-

phone operating companies alike have now conceded that patent claims will not be waived. Instead, manufacturers are conducting a series of bilat-eral negotiations, which should result in agreements either to swap patents or to decide com-mercial terms for using them. European companies are worried that Motorola, holder of a comparatively large num-ber of patents, will insist that

although European manufac-turers can use their patents on home ground, they cannot sell systems incorporating them in the US and the Far East. That would destroy the export opportunities for European manufacturers, which could cut down volume production at home and result in higher costs to the consumer.

CELLULAR RADIO SUBSCRIBERS IN EUROPE -

	QUING 1305			The order programme, which
Country	Subscribers	Population (millions)	Penetration per 1,000	is moving ahead on target, con- firms that view. Most tele-
UK	650,000	56.6	11.48	phone operators in Europe have already placed orders for
Sweden	295,500	8.4	35.18	the first trial equipment - the
Norway	161,230	4.2	38.39	
France	135,870	55.5	2.45	validation systems.
Finland	131.610	4.8	27.42	And some operators - the
Germany	123,980	62.0	. 2.0	ones which are likely to face
Denmark	112,830	5.2	21.7	severe congestion on their
Switzerland	51,540	6.0	8.59	existing networks in the early
Italy	46,850	57.2	0.82	1990s, such as Racal Vodafone
Austria	44,250	7.6	5.82	and Cellnet in the UK and
Netherlands	43,400	14.5	2.99	France Telecom - heve
Belgium	21,200	9.9	2.14	already placed contracts for
Spain	20,700	38.2	0.54	the first operational systems.
Ireland	7,570	3.5	2.16	Although one aim of the
Iceland	7,280	0.24	30.33	project was for those European
Portugal	1,400	10.5	0.13	manufacturers which had no
Faroe la	780	0.05	16.25	experience in cellular to gain a
Cyprus	690	0.56	1.25	foothold in this growing mar-
Luxembourg	400	0.37	1.08	ket, that does not seem to be
Total	1,857,080	345.32	5.38	happening. Those companies
	Source	that have won orders so far are those which are already strong		

that the systems will be in operation on time," says Mr Mike Pinches, managing direc-tor of Orbitel, the UK equipment manufacturer. "My view is that the patents issue will affect the price of the equipment, as companies will have to pay royalties, hut it will not put back the starting date."

order programme, which ving ahead on target, con-that view. Most tele-e operators in Europe dready placed orders for st trial equipment - the tion systems.

> France, Spain, Italy, West Ger-many and Switzerland. Despite the flurry of activity in Europe for the digital sys-tem, demand for the existing **Continued on Page 3**

WE'RE PUTTING EUROPE ON THE ROAD TO A DIGITAL CELLULAR NETWORK

Within two years, Europe's digital cellular network will be up and running :

STRUCTURE IN YOUR COUPLEY.

company that was specifically set up to help sions regarding its implementation have to develop the Pan-European network. You'll be made now

"One in particular concerns choosing a find us more dedicated and much more flexible when considering your requirements. company to assist in setting-up the infra-

Orbitel Mobile Communications. You could very easily talk to a department _____ We may be a new company, but we're not Which means the most important dec in a big company. Better still, talk to the short on experience. Building on the unrival- call: Dr. Alex Christie, Orbitel Mobile led communications expertise of Racal and Plessey, we are already one of Europe's largest manufacturers of cellular infrastructure channel equipment. With our

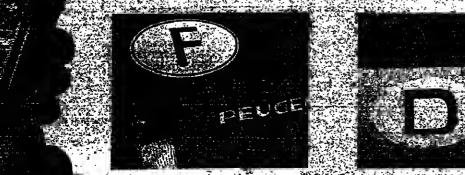
single cellular network in the world. To find out how you too can benefit, Communications Limited, Head Office: Keytech Centre, Ashwood Way, Basingstoke

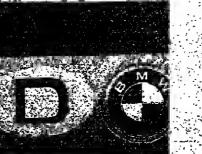
RG23 8BG, England.

Tel: 0256 843468.

Fax: 0256 843207.



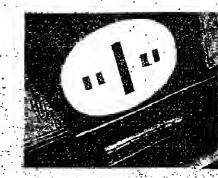




But which one?



The name you should look for is support. Vodatone has become the largest



the strength of the second



signed by Ericsson and Matra in the rest of Europe. One British export which looks more likely to succeed is some operators - the vhich are likely to face congestion on their g networks in the early such as Racal Vodafone cellnet in the UK and a Telecom - have the cellular radio entrepreneur. First off the mark are Mr Marc Albert and Mr Martin Dawes. both successful distributors of cellular telephones in the UK. They are setting up e Euro-Telecom - heve placed contracts for pean distribution network under the name Euro Cellular, and already heve offices in ough one aim of the was for those European acturers which had no

analogue equipment is continu-ing to grow rapidly. In France the military euthorities have

MOBILE COMMUNICATIONS 2

Roderick Oram on cellular communications in the US

Breathtaking expansion

to take over LIN Broadcasting

the provider of services in

hugely attractive cities such as

New York. LIN is trying to fight off the offer by merging its cellular operations with

those of BellSouth, the largest

One of the constraints

to growth has been

fragmented coverage

of the seven regional telephone companies. The combined Bell-

South/LIN opeartion would be by far the largest provider of cellular services with nearly

As amazing as it might eem, analysts are forecasting

that the per pop prices will rise even further as aggressive players such as McCaw chase after the few choice metropoli-

tan licences still owned by

companies willing to sell or

500,000 subscribers.

vulnerable to takeover So far the industry has spent some \$3.2bn on gearing up ser-vices. With the hulk of the investment behind them for first generation analogue systems, service providers such as McCaw are beginning to generate rapidly growing operating profits. Most Independents such as McCaw borrowed heavily to build their systems so few are profitable t after debt service. In con-

trast, the cellular operations owned by conventional phone companies are already contri-

buting to group profits. With a typical cellular tele phone bill running at between \$100 and \$150 a month, service providers are beginning to rack up considerable revenues. The industry as a whole reported billings of \$3.2bn last year, tri-ple the previous year's figure. In addition to the effects of brisk growth in subscribers, service providers are learning to enhance revenues in a number of ways. Most are tighten ing their credit policies and bad debt procedures and devis-ing more flexible rates and service plans. Many are establish-

ing their own installation and service centres. But the biggest improvement to service quality will come with the introduction of digital services in the next decade. In anuary the US industry cho a digital standard which will split signals by time rather than frequency. Initially this will triple the available capac-ity but many believe further echnology developments could

bring a tenfold increase. Much more capacity is

needed in Los Angles and to a lesser extent New York. During morning and evening rush hours the failure rate of calls either through an inability to get a channel or an impaired or disconnected call - is often well above the industry standard of one in 50.

Digital will also bring clearer, cheaper and more sophisticated services. Digital services will be provided alongside existing anal-ogue ones on the same wave-

will become redundant. But service providers will benefit from a dramatic reduction in capital costs. A digital cell site will cost about \$1.5m to equip against about \$1m for analogue equipment. But with triple the capacity, the cost per line will be haived to around \$362. On current trends, equip-ment costs will also continute

lengths so no one's telephone

to fall rapidly for users. Only three years ago clunky hig cel phones permanently lular installed in cars cost between \$2,000 and \$3,000. Now hand. held portables are down to at least \$500, or even lower during special promotions and are likely to be down to a few hundred dollars in another year or so. Prices of shirt pocket sized ones are now some \$1,750 but

will plunge in coming years. Yet despite all these highly favonrable trends, the first backlash against cellular phones is beginning to surface. A new nightmare for some people is being stuck in a Los Angeles traffic jam for a couple of hours with their car phones ringing constantly. Frustrated by the lack of peace and quiet and time to think, they are turning in their phones.

A worse tale is told in Yosemite National Park in California where cellular phooe service is available in the main valley. Disgusted campers say their enjoyment of truly one of the most ravishingly beautiful mountain areas in the world is being ruined by the frequent ringing of phones from e fe-neighbouring tents.

At the time, the US Govern-ment protested but, exhausted

by the long struggle to make sure that Motornia was not

squeezed ont completely, it

gave in. However, it wasn't long before it became clear

that the Ido territory bad

about double the potential of

\$

Chris Perry reviews developments in Japan

Rare financial bonanza

AFTER recent developments, even casual observers are probably convinced that Japan's cellular communica-tions market represents a rare financial bonanza for those who can get in. With corporate titans such as Nippon Telebone and Telegraph (NTT), Toyota Motor and others stam-peding to nail down turf, the key players clearly see the

market as very promising. And with reason. In 1987, NTT, then still a monopoly supplier, had 150,773 mobile hone subscribers after annual increases of 100 per cent throughout the early 1980s. Sales in fiscal 1988, lasting through April 1989, took NTT total sales to nearly 200,000 fixed and shoulder-type phones, with another 40,000 handheld portables.

With the introduction of new technology and more suppliers covering more territory, growth is expected to remain very strong. Mr Kiyoto leading motor manufacturers, Uehara, an executive director of InfoCom Research, forecasts Motor, emerged. Ritual efforts to merge the two failed, and that 10 per cent of all 6m cars tha MPT had no choice but to in Japan will have a mobile phone system by the year 2000. Other market analysts estimate there will be 400,000 teed to lead to trouble in the car phone subscribers by the future, the MPT divided the end of March next year. More ing the heavily populated Toyko corridor, including than 90 per cent of Japan's urban areas now offer continuous car phone service, accord-Nagoya, to Ido, and the rest of ing to NTT data,

Normally, Nagoya would have gone to Daini Denden but it was widely suggested at the Like most things in Japan cellular telephones are not cheap. NTT's total installation charge comes to ¥227,500 (\$1,000) for customer owned car-mounted phones, with shoulder and handportable time that Nagoya-based Toyota had lobbied successfully to have its home base in Ido's territory. The MPT also agreed that types running about Y50,000 the two groups should use dif-ferent telephone sets that less. not including insurance. On top of that are monthly operated on different frequencharges of Y17,000 for car 124.000 Ior po s. 100, whe bles. If the customer deals with one of the new common

tition seemed insincere. In the event, competition was intro-duced with a vengeance. When telecommunications became a major topic for the US-Japan Market Oriented Sector Selective (MOSS) talks in 1985, the mobile phone market ended by being opened to foreign com-panies as well.

including Toyota and Nissan

In a move that was guarant

country into two areas, offer-

the country to Daini Denden.

issue two licences.

the Daini Denden territory. Early this year, Motorola, cit In the well-known Japanese tradition of trying to avoid excess competition, the Minising the spirit of the MOSS talks, pressed the MPT for fre-onencies to be made evailable try of Posts and Telecommuniin the Tokyo area so Ido could cations made it clear in 1986, operate a service that would when asking for applicants for licences to operate cellular be able to use its mobile phones. The MPT refused, telephone services, that it would award only one licence. That meant interested parties claiming there were no frequancies left, but then Motowere encouraged to join a sinrola caught the ministry allocgle consortium. For a long time, the Daini Denden consorating frequencies to others and complained to the US Governtium led by Kyocera and including the US electronics TREDI. When pash came to shove last June in top level US-Japan group, Motorola, was alone in the field. Then a second con-sortium, now called Ido Tsushin and backed by the

negotiations, Motorola emerged a winner. Frequencies were found and Ido was suddenly able to adapt its sys-tem for Motorola telephones. For its part, Toyota recently announced that it would equip US export models of its new incury-class Lexus LS400 cars with fixtures able to accommodate the Motorola carphone. But Motorola's victory also means confusion and delay in

providing full car phone ser-vices to the area. Mr Akira Murakami, spokesman for Ido Tsushin, says it may take a year or longer for Ido, with assistance from Motorola, to research and put together a system able to accommodate Motorola air interface specifications. But he also acknowledges the upside too. The stampede to build a smaller, better handset than Motorola's world leading Microtak will fire up competition among manufacturers a he sees a "bright, hot market in the near future." Still, the companies have remarkably different views of their own prospects. Ido, which opened for business in December 1988, hopes to have 160,000 snbscribers by 1995. Daini Denden, which began its first openetic in the Oscher first operations in the Oseka area last month, expects to win ouly 45,000 cnstomers from that area by 1992.

9

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FAR outstripping any other consumer boom that has gone oefore it, cellular telephone service continues to grow st a breathtaking pace in the US. By all forecasts, the rate will accelerate dramatically over

the next couple of years as three big factors come into play: eveo lower prices for telephones; the introduction of digital technology; and the start of service in rural areas.

From the start of US cellular service in 1984 the number of subscribers grew to 1.23m by the end of 1987 and 2.07m by year-end 1968, according to the **Cellulsr** Telecommunications Iodustry Association. The number is likely to top 3.2m by the end of this year.

Market peoetration averages around 1.2 per ceot of the populatioo in metropolitan areas although it is well over 2 per ceot in some of the most successful areas such as Los Angles and New York City. The average rate should climb above 5 per cent by 1993 and 10 per cent by 1998, industry analysts forecast

Oce of the coostraints to growth has been the frag-mented nature of the coverage. Unlike say Canada or the UK

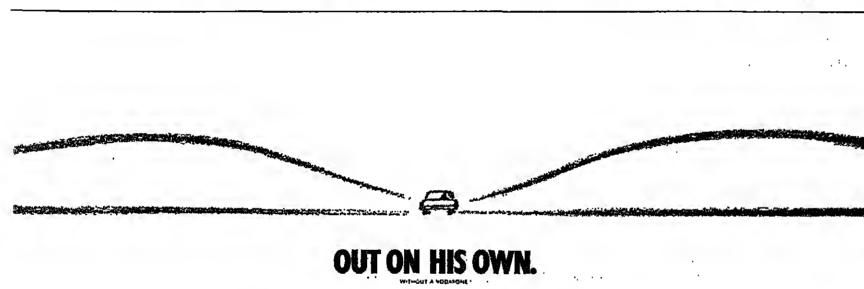
which allocated national franchises, the US issued licences in relatively small metropoli-tan areas. Thus, for example, a New Yorker travelling to his country cottage runs out of cellular service in rural areas. The US picture will begin to change over the next couple of coverage. Some licences close

years as rural service begins in the US. The Federal Communications Commission is allocating two licences in each of 428 rural territories - one to a conventional wire-based telephone company and one to an independent cellular operator. Now that every potential

investors has seen the fabulous appreciatioo of metropolitan licences, the government lotteries for rural licences have all the rough and tumble of a frontier land rush. Each terri-tory has attracted oo average 700 spplications for the indepeodeot licence

As service in metropolitan areas has matured, the value of the franchises has rocketed. The lotteries began last September but the crush of appli-caots will deley completioo Liceoces changed hands for as little as \$80 per pop as recently as two years ago. British Tele-communications bought a 22 ecross the country until the end of this year at the earliest. per ceot stake in McCaw Cella-Inevitably, frantic horsetrading lar, the largest service com-pany, this January at \$138 per and bargaining will ensue as free enterprise subsequently pop. McCaw is now offering between \$275 and \$300 per pop ensures ownership follows more logical patterns of service

Shares of US	hand-portable	market (%)	Shares	of the US cars	shone mari	ket (%)
Brand	Dec '87	Dec '88	Brand	Dec '86	Dec '87	Dec '86
Motorola	22.2	36.3	Uniden	п/е	7.6	14.2
NEC	34.3	16.8	Panasonic	4.6	10.7	13.8
Mitsubishi	S.6	16.4	Audiovox	26.2	16.2	13.0
Novatei	n/a	13.S	Motorola	7.5	4.9	12.4
Diamond Tel	4.9	4.2	NEC	7,0	12,1	10.5
OKI	6.0	3.9	Mitsubiehi	7.6	6.9	6.4
Technophone	9.3	2.6	Oki	12,2	11.5	5.6
Mobira	n/a	1.8	Diemond-Tel	2.8	6.0	4.9
Gen Electric	5.6	1.0	Fujitsu	5,6	2.5	3.9
Audiovox PC100	6.1	0.7	Mobira	0.5	1.6	2.5
Hitachi	n/a	0.4	Novatel	6.6	6.3	2.0
Radio Shack	3.6	0.3	Nokia	n/e	n/a	1.5
USA Corp	2.2	0.1	Gen Electric	8.1	3.5	1.3
Repco	0.7	n/a	Radiant-Antel	n/a	n/e	1.1
Others	1.0	2.2	Ameritech	2,7	1.5	0.6
			Others	5.0	5.1	3.3
	Source:	Herschel Shosteck Associates			Source: Hersch	el Shosteck Associa



to large metropolitan areas or

in relatively prosperous and

well populated areas could be

worth around \$40 per head of

population, or "per pop" in the

will cover some 150,000 people and together they will bring

service to the 22 per ceot of the

US population as yet denied coverage. About half the rural

areas will begin service by the

end of next year and the rest by the end of 1991.

The average rural licences

vernacular of the industry.



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FINANCIAL TIMES TUESDAY SEPTEMBER 19 1989



WITHOUT A VODAFONE

OUT OF BUSINESS?

BE IN WHEN YOU'RE OUT. VODAFONE.

ing services in December 1988, uses NTT base stations and handsets from several mannfacturers, including NEC and Fujitsu, while Daini Denden uses Motorola equipment. The Ido system was also allocated frequencies all over the country so users of its telephones could roam where they liked, but Daini Denden was not given frequencies in the Tokyo area.

cn started otter-

Ferment in the industry

the other members of the con-

STC and Thorn EMI, both of

work. They will operate in the 1.7GHz-2.3Ghz frequency band;

sortium.

tors.

of the Baby Bells.

dread the competition

the concept of personal com-munications has caused tre-mendous ferment in the mobile communications industry, not just in the UK but also in the US and Europe.

Some companies are excited hy its opportunities; others group, and Millicom, a US mobile communications operadread the competition it promises to bring.

A number of ground rules have been set about how per-Applications for two or three licences to run personal comsonal communications will earlier this month and a decision is due to be made by the end of the year.

they will be two-way systems; they will be "micro-cellular" The applicants, which include most of the top UK electronics groups and leading telecoms players from contisystems with cell sizes of about 1km radius, which is smaller than normal cellular systems; nental Europe and the US, fall operators will be allowed to link these smaller cells via into four main consortia. radio links to larger overlap-ping cells; they will have to use systems based on either the GSM pan-European cellular Mercury Communications, the only rival to British Tele-com for fixed links, is taking a majority share of about 60 per cent in a group whose other standard or on DECT, the

emerging European standard for next generation of cordless phones.

However, these ground rules still leave many questions unanswered. The main debate inanswered. The main debate is over whether the new systems should include all sorts of clever bells and whis-ties or whether they should be engineered in as simple and cheap a way as possible. One feature that many would like included is "han-dover", which would mean that calls were automatically passed on from one base sta-tion to the next without any interruptions when a caller

interruptions when a caller

was on the move. The snag is that this would add to the cost of the infra-structure and the haodsets

The main debate is whether the systems should include ciever

beils or whistles

the UK, have teamed up with STET, the Italian telecoms operator, and US West, another of the Rely West, another because sophisticated computing and communications facili-

ties would have to be built in. a consortium with Pacific Tele-sis, yet another Baby Bell, Matra, the French electronics A second question is over whether the networks should keep in contact with all hand-sets all the time, the method used in traditional cellular systems,

A cheaper alternative might to keep in contact with the handsets. These questions are also connected with whether a GSM or a DECT-based system is used

How the technical questions are answered will determine the commercial positioning of personal communications. Some argue that customers will not want to use the system unless it has all the features of cellular, others say that, if it has all those features, it will not be able to undercut cellular Continued on Page 3

MOBILE COMMUNICATIONS 3

so that telephones can be used to receive and send calls from

home - also costing abont

£200. Operators predict that the price will fall to well below

£100 in the next few years, and eventually could drop as low as

Another advantage of tele-

today's hand portable cellu-

Although telepoint is a

one-way service, by the end of 1990 handsets could be avail-

able which incorporate a radi-

opager, so that users could be "bleeped" when someone

wants to talk to them. They can then rush to the nearest

public base station to make the

call. In the meantime one of

the prime targets for telepoint operators will almost certainly

be the sales people and other

off-site workers who already

use radiopagers to keep in

point is that the handsets are considerably smaller than most

lar radios, and stylishly

£50.

designed.

touch.

Della Bradshaw investigates the new telepoint system

Cheaper one-way service

FROM this month; the British public will face the onslaught of publicity simed at persuading them to become part of a new flite - those subscribing to the latest portable telephone

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FINANCIAL TIMES TUESDAY SEPTEMBER 19 1989

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Called telepoint, it will be cheaper and less sophisticated than the existing cellular telephones — every self-respecting yuppic's vital accessory. Now the bets are being placed to see whether telepoint will be as successful as its big brother cellular, and accrue the same. high income for the operators.

Four operators have been. licensed to provide telepoint in the UK, with one, the British Telecom-led consortium Phonepoint, already offering a com-mercial service. Two others, Ferranti Creditphone and Mercury Callpoint, should begin services before the end of the year, and the fourth, Byps, a consortium of Barclays Bank, Philips Electronics and Shell,

during next year. Predictions about the potential market for telepoint services range from the sublime to the ridiculous, depending on who is making the forecasts. What is clear is that although the telepoint companies are gearing up for a massive push in the UK, it is the adoption of telepoint outside the UK which is likely to be the strongest factor in its overall success:

The manufacturing volumes needed to lower costs will be available only if other countries - particularly European ones - are prepared to introduce the same services using the same standards. Only then will manufacturers be able to sell the phones for the targeted £50, as a mass-market product. In Europe, the European Telecommunications Standards Institute (Etsi) is in charge of deciding standards for telephone services such as tele-point. So far it has given the UK telepoint standard, dubbed the common air interface (CAI), the cold shoulder, But a decision to adopt CAI could be

taken in March 1990. Meanwhile, two countries, France and West Germany, have already decided to go ahead with trials of services using the UK's CAL If the services do go ahead in Europe, they could also help to push up purchase volumes in the UK, as a handset bought in one country could eventually be used in other states, giving a truly pan Suropean service. Telspoint does have its

Testing telepoint: cheeper and less sophisticated than cellular telephones them. Many critics believe this eliminates one of the most important uses of mobile phones, the ability to receive calls when not at a desk. They argue that phone users leaving the office for a period can gen-erally plan their outgoing phone calls — it is the ability to take the unexpected incoming call that gives mobile

phones their value. Another limiting factor of telepoint is that the phones cannot be used on the move --making calls while driving along the motorway, for example. That is because telepoint was conceived as a sophisticated version of today's domestic cordless telephones - the phones where the hand-held unit is connected to the ping-in base by a radio link — rather than a downgraded cellular service, With telepoint the cordless

telephone principle still applies, with a sturdy version of the base plugged into the telephone networks in public places, such as railway stations, motorway service stations, high street shops or hanks.

Public calls using telepoint handsets have to be made within 200 metres of the "base station", which will be indi-cated by a brightly coloured sign on a nearby wall or pole. In addition, consumers can also buy a domestic base unit to plug into the telephone socket at home, and so use the handset to both receive and make calls like today's cordless telephones. Just how quickly the num-

rival UK services gains domi-nance. Phonepoint begins ser-vice with only 100 base stations and will not have 1,000 base stations until 1990. Ferranti is hoping to begin services by the end of the year with 1,000 bases and the Mercury consortium also plans to have several hun-dred base stations in commercial service by the end of the

> One factor limiting the initial take-up of the service, is that the government has tar-geted the end of 1990 as the introduction of the CAI specification: Then, telepoint customers will not be able to use one phone on all the networks, subject to registration. But ini-tially the systems will use non-standard systems, so once a subscriber buys a phone to work on one service, he or she will have to buy a second phone to use another service. However, telepoint does have some significant advantages

subscription rates and call charges are considerably less - possibly as little as one third of the cost. Although the operators are using different charging structures, calls will work out at between 10p and 30p depending on distance and time of day. However, because cellular

over cellular. In particular the

tariffs are applied in just two zones - those made from inside or outside London's M25 motorway - customers with a lot of long-distance calls from, say, Glasgow, could still find cellular an attractively-priced

alternative: On the equipment side tele-

Hugo Dixon examines valuation procedures for companies

Roller-coaster for investors

INVESTORS in cellular phone companies on both sides of the Atlantic have been on a rollercoaster during the past year. Racal Telecom, the UK's largest mobile communications

company, was floated on the London Stock Exchange last October at 170p a share, valuing it at £1.7bn. Over the following winter and spring, its share price rose rapidly to a area. peak of 557p. It then fell dramatically during the summer to just over 300p. In recent weeks, the price has recovered to nearly 400p. In the US, the swings and

roundabouts have been almost as extreme. The tone was set as the line was set last January when British Telecom spent \$1.4hn for a 20 per cent stake in McCaw, a large but loss-making cellular group.

The peak in the market was reached in June, when McCaw made a \$6bn bid for LIN Broadcasting, one of its largest rivals. Racal Telecom's share price

was pushed up by the develop-ments in the US, because American investors own most of the 20 per cent of Racal Telecom's shares that are not owned by Racal Electronics.

Similarly, when investors in late June began to register the impact that the UK govern-ment's decision to inject competition into the mobile communications market would have on Racal Telecom's business, American cellular share

prices were hit. The root of the problem is that the traditional price-earnings method of valuing compa-nies cannot apply to cellular companies. First, few of them are making profits, meaning that a price-carnings ratio is meaningless; second, the industry is growing so rapidly that price-earnings ratios would not fully capture the potential of the companies in only two companies in each area to provide the services. The Americans therefore It therefore looked as though the lncky licsnsees had,

devsloped an alternative method, called the "price per pop" approach. The essential idea was that the value of a cellular company was the con-cession that it had been given indeed, been given a conces-sion which guaranteed them half of particular markets. Since there were only two players and the limits on the radio by its government to run spectrum meant that there was mobile services in a particular no real chance of gaining much more than a 50 per cent market The bigger the area, meashare, there was no incentive sured by the size of ths popula-tion that inhabited it, the more to cut their prices. High prices, a fast-growing market and no new competitors seemed a rec-

the British government announced that it planned to

license two or three groups to

provide "personal communica-tions" services. These licens-

When more competitors are

introduced, the assumptions of the per pop method fall away.

Not only can the existing play-ers no longer count on main-

taining 50 per cent market shares; it is also unlikely that

they will be abla to keep their

prices up, hecause new entrants will be forced to cut

One reason the per pop enthusiasts failed to see this

threat was that there were no

radio frequencies left in the waveband being used hy the

existing cellular operators.

However, advances in technol-

ogy meant that parts of the

radio spectrum which were not

snitable for mobile communi-

cations several years ago are

now usable. Personal commu-

nications, for example, are scheduled to be launched in

tariffs to attract customers.

valuable the concession was considered. It was thought that the "price per pop" - the value of the concession divided ipe for financial success. The snag, though, was that the structure of the market was not set in stone, as was shown most dramatically when

The price-earnings method cannot apply to cellular companies

ees, which will be chosen later in the year, are designed to by the number of people in the area - should be roughly the compete both with the existing same in areas with similar socio-economic conditions. When BT hought into McCaw, it paid \$138 per pop. When McCaw bid for LIN - a cellular players and the ordinary fixed network.

bid which now seems to have run into the ground – it offered nearly \$300.

Sophisticated exponents of the per pop method always accepted that it was only a shorthand. The fundamental justification of a per pop valuation was a company's dis-counted future cash-flow.

However, the expectations of future cash flow were thought to translate rather neatly into per pop valuations because of the special structure of cellular markets, Cellular services can only be offered if the company has access to the radio spec-trum; hut becauss the radio spectrum is finite and already rather crowded, governments in both the US and the UK originally decided to license the 1.7GHz-2.3GHz range,

whereas normal cellular ser vices are offered at the lower 900MHz level.

39

At present, only the UK has committed itself to personal communications. However, it probably only a matter of time before other countries adopt either personal communications or some variation of

A further factor which could harm the prospects of cellular companies is the renewed interest being shown in both the UK and the US in auctioning parts of the radio spectrum to the highest hidders. The idea is that, since the air waves

The US developed the

"price per pop

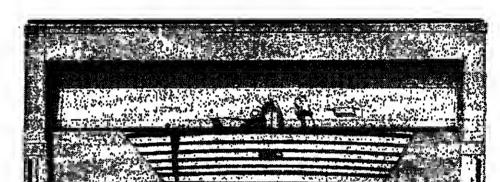
method" of valuation

are a scarce resource, they should not be given away hut rented to whichever company offers to pay the most.

A willingness to pay large amounts of money would be an indication that the company had the most effective plan for exploiting the resource. However, any such move would add to cellular companies' costs and so undermine profitability.

Nevertheless, it would he wrong to ignore the advan-tages that the existing companies have over new entrants. New systems such as personal communications will not he serious competitors until the mid-1990s, by which time the incumbents will have attracted

the best customers. And, as mohile communications spread across the globe, companies like Racal Telecom are in an excellent position to win shares of foreign markets becanse they have valuable expertise which they gained at home.





restrictions. It is a one-way ser- ber of public base stations point is also cheaper, with the vice, enabling its users to grows will be one of the factors handsets costing under £200, make calls but not receive deciding which of the four and the domestic base units -

Ferment in the industry

Continued from Page 2 prices and so people will not want to use it because it is too expensive.

Since personal communications is designed to operate in be ready to go into operation in a higher frequency range, 1993, the UK government's tar-which until now has only been used for military communica-get. Delays could be consider-able if a DECT-based standard

tions, it has some way to en before commercial products can be created. Some observers therefore doubt whether the systems can

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Progress Towards Worldwide Mobile and Personal Communication Networks 13th/14th February 1990 The Sheraton Roma Hotel, For further information please call Helen Savill on 01-236 4080

rather than GSM is used because DECT is still only in an embryonic stage. On the other hand, there are fears the rest of Europe could turn its back on personal communications unless DECT is used, because several European com-panies had been hoping DECT systems would develop in the 1.7GHz-2.9GHz range. If the rest of Europe boycotts personal communications, it could be difficult for the UK on

to build up sufficient volume to drive down costs. This is why the major consortia applying for licences have been keen to include a major continental player in their groups. The design of the systems will also affect whether per-

sonal communications ends up mainly as a competitor to callular or, as some hope, a competitor to the fixed network. The idea is that, if personal communications are sufficiently cheap, ordinary cus-tomers will no longer need a fixed wire going into their homes.

Flagship project

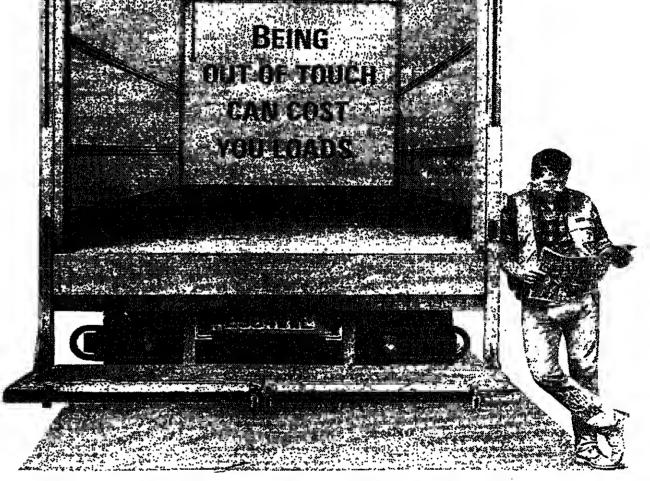
Continued from Page 1

had to follow their UK counterradio channels, earmarked for military use, for use on the Radiocom 2000 mobile radio network.

hit

There are 185,870 subscribers on the French network, according to the European Mobile Communications report, but about a third of them are based in Paris.

The German government
also plans to launch a second
service to the one operated by
the Deutsche Bundespost
before the digital system comes
into operation.
Meanwhile, just to prove
that mobile radio is a boon to
people in remote and isolated
locations, Iceland has lost its
crown as having the fastest
growing number of cellular
radio subscribers per head of
population. The usurper? The
Farce Islands. More than 16 per
cent of the 50,000 population
are now equipped with a cellu-
lar phone, and the number is
rising rapidly.



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MOBILE COMMUNICATIONS 4

AT THE beginning of this year the European radio-paging industry received a sharp indication of the degree to which it has matured, when the number of people subscribing to public radio-Daging services was overtaken for the first time by the number using the newer but faster-growing cellular telephone services.

40

The subscriber gap between the two technologies has wid-ened, in spite of cellular telephones costiog more to huy and to use. In July there were about 1.85m cellular subscribers in Europe compared to about 1.58m paging users. according to figures collected by Mohile Communications.

There are some indications that competition from cellular. which offers a high-profile two-way service more readily understood hy subscribers has already had a deoressing effect oo Europe's paging markets. But in the US and Japan.

where the penetration of pagers is much higher, paging still ahead. There were about 7.5m paging subscribers in the US at the heginning of this year, compared with 2.2m for cellular. Jacan had 3.4m paging users at the beginning of March, compared with 183,000 cellular customers.

In spite of its relative maturity compared with many other mobile businesses, paging is still growing more quickly than most other telecommuni-

WHEN Mr Mike Pinches. managing director of the UK's major mohile phone system maker Orbitel, noted earlier this year that the first major beneficiaries of the Groupe Speciale Mobile (GSM) pan-European digital cellular system might be the legal profession, be raised a few smiles. The smiles, however, masked the seriouscess of a dispute which has been dragging on for more than a year. of which

The dispute is about the rights over the technology on which GSM implementations are to be hased - the so-called intellectual property rights or IPRs. The manufacturers believe that because they created the technology, they should be allowed to do with it as they will. The service providers are unwilling to allow themselves to be put in a posi-tion where they can be held to ransom by a single supplier. And neither of the two groups wants to see themselves beld responsible for violating any-body else's IPRs in the process of implementing a GSM sys-

In 1983, the service providers believes this was a key factor sought unsuccessfully to in the development of the IPR

RADIO-PAGING

Mature service

Much of this growth is

fuelled by the growing attrac-tion of alphaoumeric and numeric pagers, which can pro-

vide much more sophisticated

services than traditional tone-

only pagers. An alphanumeric pager, which displays letters

and numbers, can for instance

tell a mobile husinessman his

next meeting has been re-ar-

ranged, and can give him the new time and location. Mr

John Okas, Motorola's market-

ing manager, says most tone-only pagers would merely tell

the

office

Times.

husinessman to call his

The attraction of these

advanced pagers is growing as they become smaller and

cheaper. Motorola is next year introducing a wristwatch pager

developed in co-operation with

This device, which comhines

the fuoctions of a numeric

pager with those of a digital watch, weighs less than two

ounces and will sell for about

\$300. A wristwatch pager has also heen developed by Ameri-

impose a solution by getting all

suppliers to sign a standard IPR agreement designed to

indemnify them from all IPR

claims and to oblige the manu-

facturers to allow free use of

relevant IPRs in the interest of

creating an open mohile phone

to see its IPRs were simply not given away. Motorola had invested a lot of effort and

amassed a lot of expertise in

the field. Bnt, perbaps more importantly, Motorola comes from the US where IPRs have

heen a botly debated issne for

director of UK cellular operator

Racal Vodafone and, for the

past six months, chairman of

the service operators commit-

tee seeking to extract an agree-

ment from the suppliers,

Mr Ted Beddoes, technical

One manufacturer held out

standard.

some time.

can Telephone and Electronics (AT&E) of the USA in co-operacations services. The number of European subscribers, for instance, is expected to more tion with Seiko. The UK - which is still the than double by toe end of 1993.

largest radio-paging market in Europe with about 640,000 users, divided between seven operators – has had alphanu-meric paging services for sev-eral years. They account for about a fifth of all new subscriptions. The newest of the UK services, launched this year by Millicom, provides only alphanumeric and can be used to send 1.550-character

The first French service to offer alphanumeric services. the PTT's Alphapage, was launched at the end of 1987. The West German equivalent. Cityruf, went into commercial service only this spring, and had 1,500 subscribers in July. This year of the first alphanumeric services were launched in Belgium, Luxembourg and Spain

Operators in the four main European countries - the UK. France, West Germany and Italy – plan next January to launch Euromessage, n multinational paging service. This will be a digital alphanumeric

dispute. "If Motorola hadn't

been involved, there probably

would have been a gentlemen's

pact," he notes. Once Motorola made its posi-

tion known, however, the other

manufacturers began to review theirs. Philips Radio Communi-

cations Systems, in particular, which holds patents in the cru-

cial voice encoding area of the

GSM specification, also spoke up in defence of its IPRs. "Even some of the service sup-

pliers claimed some IPRs,

This summer, the service operators finally gave np try-

ing to have a standard form of

IPR agreement. Instead they

agreed on a set of principles to

be incorporated into individual

agreements. These include

Ensure an open standard for

Europe by sharing use of IPRs by suppliers on a "fair and rea-sonable" basis;

measures to:

remarks Orbitel's Pinches,

Peter Purton on infrastructure

A bill for rights

system which will allow mes-sages of up to 80 characters. Subscribers from one country will be able to use the same equipment in any of the other three. In the UK, the service will be

run on a new network which is being built in the south-east by a consortium of six companies - Air Call, BT, Digital Mobile Communications, Inter-City Paging, Millicom and Racal Telecom. This network will be linked with similar networks in the three other countries -Alphapage in France, Cityruf in West Germany and Teledrin in Italy.

Euromessage is a forerunner Euromessage is a interminer of the more ambitious Euro-pean Radio Message System (Ermes), the pan-European dig-ital paging network backed by the European Commission and the European Conference of PTTs, which is intended to become operational in January 1992. Consultants BIS Mackintosh forecast that Ermes will have 60,000 users by the end of the first year, and 215,000 by the end of 1993. The commis-sion has told member states to clear 200KHz of spectrum for this network in time for the start of service.

Neil McCartney

The author is co-editor of Mobile Communications, the **Financial Times newsletter**

Allow manufacturers to mar-

ket their IPRs according to

commercial considerations out-

Indemnify the service opera-

tors from claims over IPR infringements; and

Open up use of IPRs held by

service operators. Ironically, the effect of this

agreement may have been to

take the spotlight off Motorola

and shift it to European com-

panies. The US company may now be the closest to signing

agreements based on the Mem-

orandum of Understanding

(MoU) group's proposals. There is consensus that the IPR dispute will not delay the

introduction of GSM in 1991. However, the real impact of the whole IPR dispute, in the

eyes of many, may not be on the GSM itself but on the way pan European technologies are

to be handled in the future,

notably Telepoint, Digital European Corcless Telephone (DECT) and the European

Commission sponsored RACE

personal communicator. As

Racal's Mr Beddoes puts it:

"Now this has happened it may well be regarded as a precedent for other issues."

side Europe;

which have been serving the maritime industries since the early 1980s, have finally begun to penetrate the aeronautical and terrestrial markets.

SATELLITE-hased mohile

communications systems,

Last February, British Air-ways initiated the long-awaited commercial trial of Skyphone, the satellite-based telephone service designed by British Telecom International for use on aircraft. Passengers on the BA Boeing 747 which carries Skyphone equipment are able to make direct-dial telephone calls to almost anywhere in the

world for \$9.50 a minute. Skyphone - which is run by BT and the PTTs of Norway and Singapore, and is being offered to several other airlines - nses the satellites of the International Maritime Satellite Organisation (Inmarsat), the international agency of PTTs which provides satellite telecommunications services to 9,000 mainly sea hased users such as ships and oil rigs.

Inmarsat says that from next year it will be providing satel-lite capacity for aeronantical services as fast as equipment is installed on aircraft. This capacity will be used by several other operators planning to launch rival services to Skyphone - including a consor-tium set up hy the interna-tional airline co-operative

organisation, Société Internationale de Telecommunications SATELLITE

.

A flying start likely to continue to be con-fined to niche markets. Satel-

lites are an ideal means of providing communications services to ships and ancrait

are not suitable

be primarily an urban service in many countries, and would

be too costly to extend into

rural regions. It was thought that substantial areas would

of European Mobile Communi-cations, "Technophone has managed to gain 13 per cent of

the new NMT900 market -

that's only just behind market

leaders Ericsson (15 per cent) and Storno (14 per cent)."

success has been the compa-

ny's anticipation of the impor-

tance of the handportable

Handportables now account

for one in three cellular hand.

sets sold in the UK, according to Mr Cawthorne. The interest in personal cellular telephones

the personal communications

network as proposed by the UK's Department of Trade and Industry. Observers say, how-

ever, that personal communi-

cations networks will be a dou-

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4 Constraints of the second s Second sec

ble-edged blade for handset

s given rise to the concept of

mobile phone.

The secret of Technophone's

Aeronautiques (Sita) together with the telecommunications carriers_Teleglobe Canada, France Telecom and OTC of Australia.

during those parts of their Inmarsat is also starting a journeys spent out of sight of land. But their role in the promobile satellite system intended for land-based cusvision for land-based services tomers and maritime users. The system is based on the use of the 12 inch diameter Stan-dard-C portable terminal, and is less clear. general of Inmarsat, admitted at last year's Financial Times can be used to provide two-way data messaging, position-findconference on mobile communications that satellites will never be able to compete with ing and emergency-alerting capabilities. terrestrial cellular telephones

The agency expects the aero-nautical and land sectors to expand quickly alongside its traditional maritime business, and has reorganised its London-based directorate to create three husiness divisions to handle each of the mobile mar-kets. It forecasts that it will be serving 500,000 land mobile users hy the year 2000, along-side 15,000 to 18,000 aeronautical users and 90,000 to 100,000 maritime users. Maritime ser-vices will probably account for about half the total traffic

have to be covered by satellite However, the potential for satellite-based services is parservices. But the unexpectedly rapid growth of cellular has ticularly difficult to quantify. meant that in the industriabecause their use is and is lised countries the only regions

not covered are likely to be those of trivial population density. Even in the less developed countries, the advance of cellular is reducing the potential .

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market for satellite services. However, other parts of the market, such as the long-distance transportation sector, still seem likely to provide considerable demand for land mobile satellite services. The owners of truck companies are examining headquarters-to-vehicle communications systems to improve efficiency, to reduce repair and maintenance time and to keep track of location and movement.

Mr Olaf Lundberg, director while callular telephones could be used for some fleets, they would not be appropriate for vehicles which regularly cross international frontiers. which are not always in range in terms of cost. This means that the potential clients for satellite-based valce services are those for whom cellular services are not available or of cellular, or which travel to countries where cellular telephones are less widespread.

The need to serve the long-distance road-hanlage market was a key factor in this year's agreement by the Euro-In the mid-1980s it was expected by some observers that cellular telephony would pean Conference of PTTs (Cept) that its members should establish a land mobile data service. Cept has decided ini-tially to use the Standard-C system - but it is still possible that the PTTs will in future adopt the rival Prodat system developed by the European Space Agency.

Nell McCariney

"Our view is that personal communications networks (PCN) will slow the growth of the cellular market virtually to a standstill," notes MZA's Mr Ziziros. His company's research suggests that provided PCN is marketed with has grown big with the success of cellular. "In Sweden," notes Mr Nigel Cawthorne, principal

makers.

nsage tariffs close to those of the ordinary telephone net-work - which he believes will be necessary for its success from this year onwards the growth of sales in the UK cellu-lar market will slow dramatically (from 96 per cent in 1988 to just 57 per cent in 1989 to zero growth from 1994 onwards).

However, he says this is not altogether bad news for hand-set makers. "PCN handsets will more than take up the slack." And the leading manu-facturers of that equipment are likely to be the same companies establishing a global posi-tion in today's handset market. *The European Telecommunications Market to 1995 , pub-lished by MZA, 10 The Parade, Marlborough, Wiltshire SN8 INE, UK. Tel 0572 56144. Fax 0672 56137.

Peter Purlon

1 July 1997

Handset manufacturers. "THE winners in this husiness in the competitive 1990s will be **Portable push**

ing to technology consultants Arthur D Little, one in five telephone lines installed in the US last year was a cellular mobile phone. In the UK it was

Sweden it was one in two. These are conditions which are ideal for the globally minded electronics manufactorrers and act to the detriment

his company's cellular joint venture agreement with Sweden's Ericsson. His remarks highlight the fact that in the mobile telephone husiness there is no room left for suppliers satisfied with meeting the needs of national markets. In less than seven years celhular has developed from a specialised market to a mass electronics market. Cellular market analysts European Mohile Communications of Kingston-upon-Thames estimate there may be as many as 6.5m cellular users worldwide by the end of the year. Accord-

the global and technological leaders," commented Mr Eugene Murphy, senior vice-president of General Electric, at the recent signing of

better than one in four and in

of their smaller counterparts. The introduction of the Groupe Speciale Mobile pan-European digital cellular sys-tem in the 1990s, originally designed to give European industry an advantage, will probably also increase the predominance of global suppliers of cellular handsets. "If you have a pan-European market it must work to the benefit of the multinationals because they are the ones who can best exploit the advantages of econ-

omies of scale," comments Mr Mel Ziziros, principal of Marl-borough-based market analysis MZA, who are currently preparing a report on telecommu-

nications across Europe.* "Even today, the UK market is dominated by three major manufacturers; Motorola, NEC and Panasonic," says Mr Ziziros. The only exception to this,

he notes, is the UK's Technophone, a small start-up which 12.961 1.91.94.14

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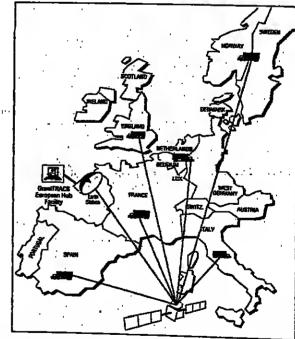
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LONDON STOCK EXCHANGE

Little recovery in sluggish equities.

TRADING ON the London stock market virtually ground to a halt yesterday as investors surveyed the outcome of last week's selling bout and showed httle sign of regaining confi-dence. Warrings from Britishindustry of weakening order. books combined with threats of strike ballots by engineering workers to depress the mood in a stock market already fearing a shakeout in prices.

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Traders refused to be impressed by the market's rela-tive success in turning an early loss into a final gain of just over 5 Footsie points. They pointed to the low level of Sean volume, at 315.3m shares for the session, compared with

Tirst Dealinge: Sep 4 Option Deck Sep 14 Sep 26 Oci 12 Lest Deslege: Sep 18 .Sep 29. Oct 13

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Account Day: Bep 25 Oct 8 Oct 23 "New time dealings may take place ingo 8.66 um two boolness days satisfar

726.6m on Friday and other rel-. atively high daily totals earlier last week. Market analysts estimate that share volume must average around 700m shares daily to enable marketmakers to break even. Equities opened on tha downtack, with the lsading indices depressed by a number

32 per cent in the current year. The outlook for the shares remains modestly bullish, with yield funds expected to buy the

yield immis expected to buy the stock for the 10p net dividend the on October 16. However, hopes that Mr Holmes & Court will make a bid for Dalgety Farmers appear to be fading, given that he recently bought. Sberwin Pastoral, a local agri-

business similar in type to the

Approval for Lloyds

and only moderate turnover in

Lloyds Bank was said by deal-ers and bank sector specialists .

A rather modest price rise

Dalgety subsidiary.

Account Dealing Setes ______ of ex-dividend quotations substance behind the improve-Reports that Ferranti, the UK defence electronics firm which last week asked for a share suspension, could lose its independence, acted as a further dampener to investment sentiment. While not a member of the Footsie list, Ferranti is widely held by domestic and some international investment

funds, and its misfortunes could mean losses for fund managers. The FT-SE was 8 points down in early trading, but, when there was no renewal of last week's selling, prices began to steady and then to edge higher. There was little

analyst.

at 107%p

rise," said one trader.

ness of the Footsie Index leaned heavily on gains in Giaxo, ahead of today's profits statement, and in a handful of other blue chips. At the close, the FT-SE Index was 7.3 points np at 2,373.8, a somewhat unconvincing rally in a market which lost nearly 60 points last week. London benefited from a firm start on Wall Street. Concern was expressed over

the latest survey of British industrial opinion by the Con-federation of British Industry (CBI), which confirmed that order books have continued to slacken. The equity market'a nervousness over domestic

wage pressures was not helped by the plans of the UK engineering trads unions to seek strike ballots at four leading UK companies in pursuit of their campaign for a 35-hour working week. However, market strategists drew come comfort from the absence of selling yesterday. Unwillingness on the part of big investment funds to part with stock has acted as a brake on market setbacks over the past few months. Nonetheless. with many equity analysts pre-dicting a abakeout in the market, traders were disturbed last week to see signs of selling programmes among the top alpha stocks.

	F	INAN	CIAL	TIME	S ST	OCK	IND	CES		
	Sep 18	Sep 15	Sep 14	560 13	Sep 12	Үедг Адо	High	1989 Low	Since Co High	Low
Government Secs	85.88	5.88	85.94	86.08	86.04	95.50	89.29 (8/2)	83.75 (14/8)	127.4 (9/1/35)	49.16 (3/1/75)
Rxed Interest	96.20	96.64	96.61	96.65	95.73	95.62	99.59 (15/3)	95.21 (13/6)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Shere	1958.9	1949.7	1965.8	1980.1	1980.6	1418.8	2008.6 (5/9)	1447.8 (3/1)	2008.6 (5/9/89)	49.4 (26/6/40)
Gold Mines	204.1	207,1	204.5	205.4	205.9	164.4	207.1 (15/9)	154.7 (17/2)	734,7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2373.8	2356.S	2382.0	2401.5	2387.8	1759.8	2426.0 (5/8)	1782.8 (3/1)	2443.4 (16/7/87)	986.9 (23/7/84)
Ord. Olv. Yield Earning Yid %(fuli) P/E Ratio(Net)(*)	4.09 8.87 12.21	4,11 9.92 12.15	4.08 9.86 12.23	4.05 9.78 12.32	4.02 9.68 12.47	4,84 12,20 9,94	Ordin	100 Govt. Se hery 1/7/35, Go E 100 31/12/83	id mines 12/	
SEAO Bergeins(5pm) Equity Tumover(1m)t Equity Bergeinst	21,430	30,678 1352,65 31,992	26,190 1400.31 25.519	25,149 914.75 41,461	26,470 928.69 25,726	17,796 748.85 19,303		E. ACTI		o 15 Sep 14
Shares Traded (mi)† Ordinery Share Index.	- Hourty cl	654.1	529.3 Oay's Higt	372.3	443.3	295.5 Low 194	a Eq	Il Edged Bar uity Bargain uity Value	15 N	2.4 80.8 /A N/A /A N/A
Open 10 a.m. 1949.7 1956.2	11 a.m. 1957.5	12 p.m. 1957.4	1 p.m. 1957.5	2 p.m. 1958.3	3 p.m. 1959.2		n. 5-	-Day averaged Bar It Edged Bar with Bargelr	jè gains 80	0.3 80.3 A N/A
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2358.3 2369.9	2370.8	2371.4	2371.9	2373.0	2372.9			latest Share		

TRADING VOLUME IN MAJOR STOCKS

Section

Volante Clesing Day's 000's Price change

The lollowing is based on trading volume for most Alpha securities denit, through the SEAQ system yesterday until 5 pm.

Volcase Classing Day's' 000's Price change

Market optimistic on Glaxo

The stock market continued to take a confident stance ahead of Glaxo full-year figures, due today, fully confirming the steady upward trend shown in

analysts forecasts over recent. months Dr Arnab Banerji at Citicorp Scrimgeour Vickers topped most other analysts' forecasts,

bunched at just over the fibn mark, by predicting a figure of £1,08bn. He is looking for a good contribution from the company's bond investments. - it has an investment portfolio of around fibn - as well a continued strong contribution from Zantac, the world's best-selling drug.

Investment income was highlighted as a possible source of surprise by Mr Steve Plag of BZW. He also echoed market stories that there might be a share split - dealers suggested one for, four - to be announced with the figures. Mr Blag stuck by his forecast of £1,005m although, in common with other analysts, said he would not he surprised if this figure was exceeded. Ms Julie Tulloch at Hoare

Govett is on £1bn and looked forward to the statement from Mr Ernest Mario, the compa-Mr Ernest Mario, the compa-ny's new chief executive, while Mr Ian White of Kleinwort. Benson stayed with his £1,010m prediction despite, he said, having been the first analyst to predict more than fibn. Glaxo shares beld on to early gains to close 24 better at 1586p in thin trading.

Dalgety profits

ers and bank sector spectralists to have masked general approval by the market of Lloyds' sale to Daiwa, the Jap anese bank of its US commer-cial banking interests. Lloyds announced it had sold the US unit, which com-prises 15 offices employing some 170 staff, to Daiwa for its asset value plus \$200m. At the end of last year the assets were put at around \$1.4 bn.

with Oryx had significantly revalued LASMO assets. Halling the deal as another example of the commitment of BP were well supported, clos-Mr Brian Pitman, Lloyds chief ing 3% higher at 318%p on executive, to maximise share-holder value, Mr Christopher 6.8m with analysts said to be increasingly happier with the recently announced reorganisa-Wheeler of Shearson Lehman described the move as "fundation mentally good for Lloyds. The Shearson analyst said the deal would boost Lloyds' capital Sovereign Oil and Gas edged up 2 more to 218p ahead of the results and also reflecting the recent bid speculation.

ratio from a half-year figure of 8.7 per cent to 9.3 per cent. At the close, Lloyds Bank price continues to prove a shares were 2 firmer at 414p, after 415p, with turnover of 1.3m well below usual levels in source of strength to selected overseas traders, in particular James Finlay and Chillington. Last week at the London auc-

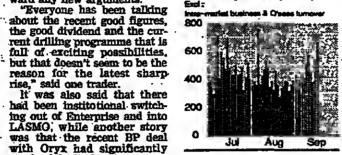
the stock. Hanson was one of the few stocks to clock up good volume on Seaq: Some 7.6m shares changed hands including two trades of more than Im shares which, dealers said, were agency crosses. The opening of Wall Street saw renewed US buying after a lull last week and the shares closed 3% betdiscount gets past 5 per cent, it'a worth switching," said one FT-A All-Share Index 1250 A US broking house was said to have bought Bine Arrow shares around the market; 110 helping the price add a penny 1200 $-\mu^{2}$

LASMO shares were easily the best performing of the lead-ing oil issues with the stock finally up 13 at 542p on turn-over of 1.6m shares, well above normal levels. Dealers and spe-1150 cialists pointed out the usual reasons for institutions buying 1100

Equity Shares Traded the shares but failed to put for-Tumover by volume (million) ward any new arguments.

Intra-martial business & O'sees tumove

1.483



lay, the recent rise in the tea price could boost earnings sub-stantially. Shares in James Finlay ended 4 better at 129p and Chillington 3 better at

Another overseas trader, Inchcape, edged higher to 2990 after reporting a 26 per cept rise in half-year profits to The recent rise in the tea £86.8m.

On the life stocks BZW says this sector "is probably the most vulnerable to a bid, adding that "London and Manchester may soon be doe for a run." County suggests a switch out of Refuge - "not the sec-tor's most likely bid candidate" - into London & Manchester. The buy notes boosted Lon-

that momentum was main-tained as the price added a fur-ther 10 to end at 120p per kilo. The outlook for tes is very don & Manchester 12 to 309p, while other lifes to move sharply better included Refing to Mr Stephen Quaile of Sheppards, because of short-ages in the international maruge, which jumped 121/2 to 564p xd, after comment on the recent sale of Peel Holdings' 4.9 per cent stake to Athena, the French insurance group. Bri-tannic, which has a 7.3 per cent stake in Refuge, jumped chases on the world market because of its own poor tea 10 to 488p.

revived that Amber Day, down 3¼ at 57p, might bid for the company. It was revealed last week that Moss Bros bed rejected Amber Day's proposals for a friendly merger.

Ratners ended down 3 at 280p xd after announcing it proposed to issue new classes of US and UK preference shares worth up to \$150m and £50m respectively. Unitech shares staged a late

run, closing 6 higher at 371p after news that Doctor Tito Tettamanti, the Swiss arbitrageur had increased his holding in the group hy one percentage point to 12.7 per cent, or 8.5m

shares. British Telecom moved np late in the day, ending the ses-sion 5% higher at 278%p after turnover of 4.2m shares.

Antomated Security Hold-ings (ASH), the UK's biggest security alarms company, jumped to 302p before closing a net 30¼ ahead at 299p xd, fol-lowing the revelation in the weekend Press that ADT, the world's higgest security alarms group, had built up a 4.9 per cent holding in ASH. The announcement came after ASH issued a series of Section 212

notices relating to nominee accounts. Dealers said the surge in the ASH share price reflected market hopes that a battle for ASH could soon get underway. "The security alarms market in the UK is a fast growth industry and there are plenty of people very keen to get into or expand in this area." said one analyst. Cadbury Schweppes were a good early market in spite of the dividend payout. The sbares touched 405p before dropping back to close up a penny at 400p xd in modest

an)bought 286,000 shares, or 21 per cent of the company. The seller was said by one dealer to have been Jersey-based Selected Investments, although USM-quoted York Trust is on

at 243p. Saatchi & Saatchi firmed to 218 on news that Tennessee-based South Eastern Asset Management had increased its stake in the company from 9.4

\$260m acquisition by a subsidiary of Maxwell Communica-tions initially helped sentiment on the stock. But most sector analysts were in the US with Maxwell Communications, so dealers were at a loss over whether the deal was a good one or not. The shares slipped.

by the close to end a penny lower overall at 202p.

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Volome Closing Day's OOT's Price change

USM-quoted Miss World fell sharply as adverse press comment revived market scepticism over the deal, earlier this year, to buy Piccadilly Radio. Conrtanids moved up

strongly, closing a net 9 higher at a year's high of 395p, on turnover of 1.1m shares, after a well-received presentation to analysts last Friday. Mr Lawr-ence Rubin, textiles analyst at Kitcat and Aitken, the broker, recommended Courtaulds to clients and said the presentation was favourably inclined towards the growth potential in the 20-plus acquisitions the company has made recently.

Other market statistics, including FT-Actuaries Share Index and London Traded Options, Page 27

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 Roth Tr</t trade. The market continues to speculate abont the 17.9 per cent stake held by General Cinema, in particular whether the US group will take up its rights to last week's rights issue, or record as having a 21 per ceut stake. The shares touched 258p before settling a net 30 better

allow its bolding to be reduced to 16.9 per cent by dilution. Interest in the retailers centred on Asda, down 4 at 196p after the predicted Monday morning bid failed to materialise. Volume was a poor 3m shares, but in the options market business was reasonably brisk. Asda has announced an extension to its existing multi-option facility to £500m from £200m, along with a new £250m

Volume Cleaning Day's 000's Prace change

fund the acquisition of 61 superstores from Isosceles. Metal finisher and property developer Radiant Metal leapt ahead on news that International and Irish (Europe-

per cent to 10.2 per cent. The announcement of a transferable loan facility to

Dalgety, the food manfac-turer which has been the subject of occasional takeover speculation since Mr Robert Holmes à Court, the Australian financier, acquired a 5.2 per cent stake earlier this year, pleased the market with a set of full year earnings figures that beat most expectations. News of the 10.8 per cent profits improvement helped the shares add 4 at 407p in modest trade.

In spite of this, news analysts warned that the rate of earnings growth is likely to slow. Carl Short at Ritcat & Aitken described the figures as very good in a difficult year, although profits growth was helped considerably by an exceptionally good perfor-mance from Dalgety Farmers in Australia, which will be difficult to match in the current

vear.1 The lower than predicted tax rate also confounded analysts, who now expect it to return to

US selling upset Smithkline Beecham bnt produced good volume compared with the generally thin trade elsewhere. The "A" shares slipped 3 to 591p, unsettled by suggestions that a US analyst had produced a bullish report on Genentech's heart drug Activase, a poten-tial rival to SKBeecham's Emi-nase. Genentech was trading marginally firmer at \$22%

early yesterday. Unilever firmed 8 to 643p as. arbitrageurs moved in to narrow a 7 per cent discount to the "NV", which closed barely changed at 245%. "When the pre-tax profits. Given that Sheppards forecasts profits of £14m this year for James Fin-

NEW HIGHS AND LOWS FOR 1989

niture, Tam

NEW HIGHS (13) LOANS (1) AMERICANS (2) ENEWEDS (1) BUILDING (2) AMERICANS (2) ENEMETS (7) ENGINEERING (2) FOODS (2) HOTELS (1) INDUSTRIALS (2) ASSOC. Sith Ports., BITANO (J.), BHIGH, EURODOY, Partiteld, Rock, Rols & Noist, PAREDS (1) PROPER ES (I) TEXT ES (1) TR (2) SHOEB (1) T (2) TRUETS (17) TRADIERS (1).

crop, and the sharp fall in Sri Lankan tea production because of political unrest. Mr Quaile believes this is all good news for James Finlay, and to a lesser extent Chillington. He calculates roughly that every 10p improvement in the tea price over a year can add about £3m to James Finlay's

tion the price of tea rose by 10p

to 110p per kilo, and yesterday

bullish at the moment, accord-

to increase the amount of tea

available on its home market,

the Soviet Union's heavy pur-

he India's de

United Friendly advanced 45 to 830p after the sharply increased interim dividend. Insurance brokers extended their recent good run, with Willis Faber closing 6% ahead at 229p xd, and Sedgwick 5 up at 258p xd. Switching out of Lloyds into

NatWest gave a big fillip to the latter's recently lack-lustre share price which gained 6 at 341p on 2.6m. Standard Chartered remained unnenally active, with another big agency cross - 1.1m shares - moving through the market, after last week's late burst of activity. At the close Standard were 3 off at 528p on turnover of 3m.

Stores were quietly traded, although among second-liners Moss Bros featured with a rise of 8 to 237p as hopes were

APPOINTMENTS

BP chairman to become a non-executive director of **Thorn EMI**

THORN EMI announced that Sir Peter Walters, chairman of British Petroleum, has accepted an invitation to become a non-executiva director, with effect from October 1.

Sir Peter, 58, is currently a non-executive director of SmithKline Beecham, and is a former director of the Post Office and National Westminster Bank. Among his many non-corporate appointments, Sir Peter is president of the Institute of Directors, chairman of the governing body of the London Business

School and a member of the Council of the Industrial Society.

THE CHARTERED INSURANCE INSTITUTE has chosen Mr David Edward Bland, 49, as its next director neral. He will succeed Mr Pat Saxton, who is to retire at the end of the year. Mr Bland will joint the institute as director general designate on November 1. He was pro-vice-chancellor of Sheffield University from 1984 to 1968, is senior lecturer in economic history, the warden of Sorby Hall of

Residence, and visiting professor at Hitotsubashi University, Tokyo. CARTIER appointed Mr Roger Hemple as its new fragrance sales manager. Mr

Hemple, 44, was most recently sales director for Parfums Christian Dior, following four years as regional sales representative for Max Factor and Lentheric Morny. He will be responsible for all sales aspects of Cartier fragrance lines throughout the UK.

W.H. SMITH named Mr Paul Boyle, 30, to the new post of group financial controller. He will be responsible to the group finance director for financial reporting and accounting controls. He will also be involved in reviewing the financial aspects of the group'a business strategy.

GRE PROPERTIES has appointed Mr Andrew Eden and Mr Alan Lynch to the main board. Mr Tim Mills has been made

managing director of new subsidiary GRE Project Management and Mr Nick Mason managing director of Aquis Residential, a newly formed company. H. BURBIDGE & SON,

Coventry-based manufacturer of quality kitchen and bedroom furniture, announced a restructuring of senior management. Mr David Burbidge will bead

the company as chairman and chief executive. He is deputy chairman of The Coventry

Building Society. He will also take on the duties of The High Sheriff of the West Midlands next April. Mr Rodney Siddall, who has been director of finance and administration, becomes managing director. Mr Graham Heaven, financial controller, assumes the additional position of company secretary. Mr Richard Greenwood is sales and marketing director and Mr Peter Lynn manufacturing director.

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BRITISH RAIL RESEARCH, at its Derby headquarters, has appointed Mr Roy Lawrence, 45, to the new post of sales and

marketing manager. Mr George Upson, 40, takes on the new role of finance director, responsible for establishing the financial separation of British Rail Research as a commercial undertaking within the British Rail group.

Mr Mark Gellagher has been named development director at WOOLWICH HOMES, a subsidiary of Woolwich Building Society.

director of M&A.

At REED BUSINESS

Renters, where he held a

PUBLISHING, Mr Denis Hart

■ Mr John Dean joins CHASE INVESTMENT BANK LTD'S mergers and acquisitions department in the UK as managing director. He has spent 12 years at Citicorp, where he was an executive

12 years, and was closely involved with the organisation's flotation. For the last 18 months at Reuters, has become head of corporate communications. He joins from he has been marketing



AMPEX GREAT BRITAIN has selected Mr Terry Radford (above) as managing director, succeeding Mr Tony O'Connell,

who has left the company. Mr Radford, 43, was previ-ously with Apricot, where he held the post of deputy manag-ing director of direct sales from 1987 to 1989. Prior to that, he was general manager of the commercial and manufacturing division at Unisys. Mr O'Connell is pursuing a new career in consulting, providing companies with employee training pro-grammes which he success-fully implemented for Ampex in the past.

number of posts over the past communications manager

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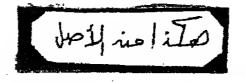
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FINANCIAL TIMES TUESDAY SEPTEMBER 19.1989

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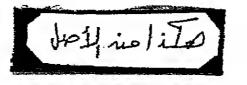
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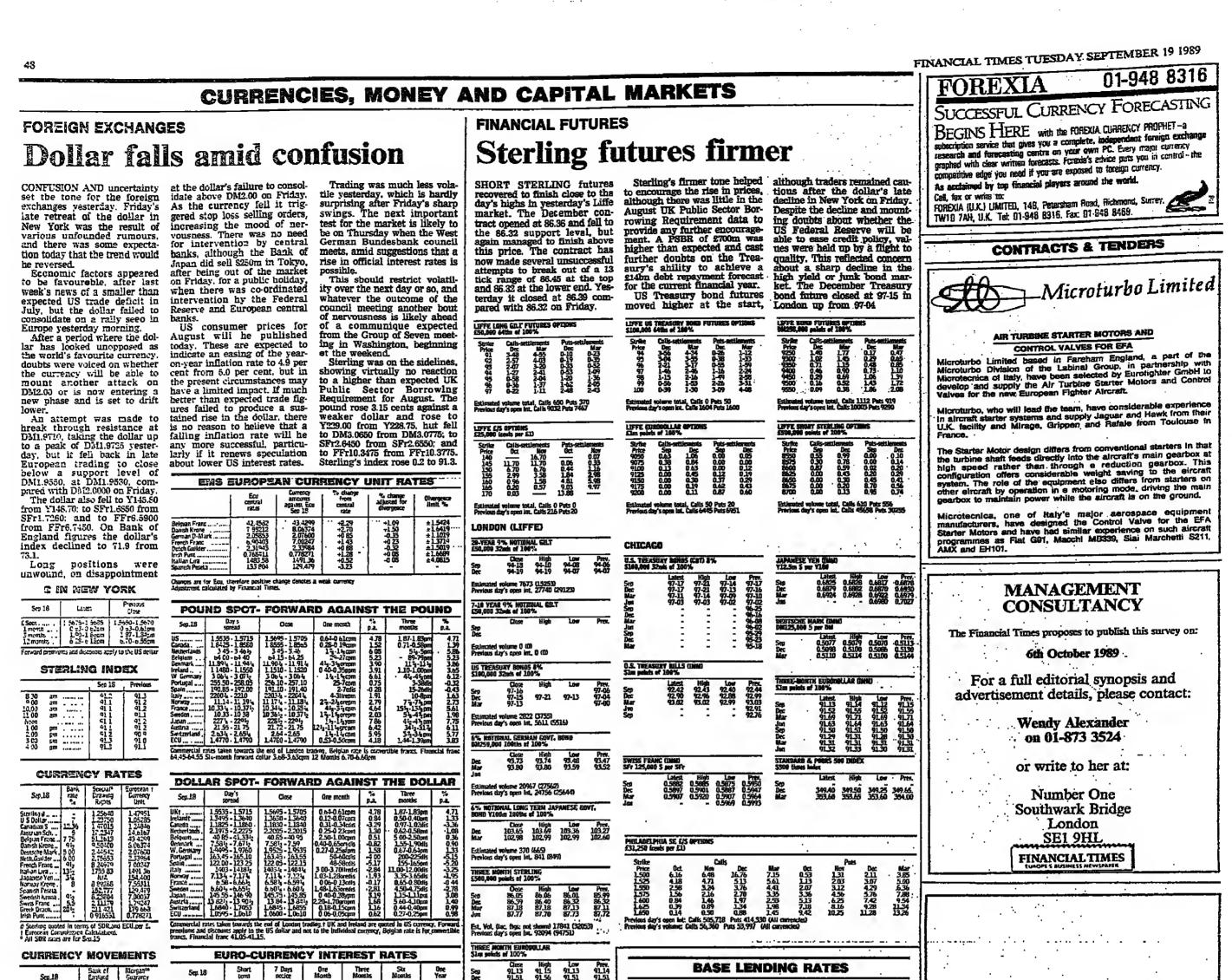
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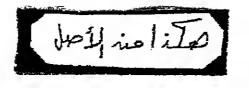


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Sep.18 England Guaranty Index Changes to	Sep 16 terral nocide	Month Months Months Year	Dec 9151 9156 9151 9151 Mar 9168 9172 9168 9169 Jan 9162 9164 9163 9169				
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Yea 443 7 Morgan Guaranty changes: average 1950- 1985 = 1001 ²⁶ Rates are for 50,15 .		821-821 843-84 842-84 812-812 three years 873-834 per cent; four years 874-84 per cent; five pill for US Dollars and Japanese Yen; others, two days action	Jun 92.73 92.73 92.70 92.08 Estimated volume 5468 (871.3) Previous day's open int. 211.52 (19963)	Banco Bilbao Vizcaya	Financial & Gen. Bank 14 First National Bank Pic. 15 Robert Fleming & Co 14	Swith & William Sers. 14 Standard Chartered	No.7,041 Set by FRESCA
OTHER CURRENCIES		CROSS RATES	FT-SE 100 INDEX \$25 per full index goant	Bask of Cyprus	Robert Fraser & Ptors	Uoited Bk of Kowait	
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Selling rate	Yen per 1,000: Fzenda Fr. per 10: Lira per 1,000: 8	elglap Fr. per 100.		EUROPE	AN OPTIONS E	XCHANGE	
MONEY MARKETS		FT LONDON INT			Nov. 89 Feb. 90	May 90	25
UK rates	lower	U1.00 a.m. Sep.180 3 months US dotiars bid 8% offer 8%	6 months US Doltars bid B34 offer 87;	Series Gold P \$.380	Vel Last Vol Last 36 21.50	\$ 360.30	
		The lixing rates are the arithmetic means rounded to the n quoted by the market to five reference banks at 11.00 a. Bank, Bank of Tokyo, Dearsche Bank, Bangue National	earest one-sivileenth, of the bid and offered rates for \$10m p. each working day. The basis are National Westminster de Paris and Morgan Guaranty Trest.	EOE Index C FL 300 EOE Index C FL 310	0ct. 89 Jan. 90	Apr. 90	
STERLING'S FIRMER tone encouraged a slight decline in UK interest rates in the Lon-	In Frankfurt, short-term retes edged firmer as funds were drained by corporate tax			EDE Index C FL 300 EDE Index C FL 300 EDE Index C FL 315 EDE Index C FL 315 EDE Index C FL 325 EDE Index C FL 320 EDE Index P FL 310 EDE Index P FL 310 EDE Index P FL 310 EDE Index P FL 320 EDE Index P FL 320 EDE Index P FL 320 EDE Index P FL 320	53 20 6 27.50 123 11.90 - - - 35 8.50 - - - 691 5.50 9 13.50 - 13.70 198 2.10 26 9.10 - - 90 0.70 3 4.40 - - 660 3.50 - - - - 890 6 25 9.60 - - 890 6 25 9.60 - - 1399 9 - - - - 139 9 - - - - 139 9 - - - - 139 9 - - - - 139 9 - - - - 139 9 - - - - 139 9	FI. 318.01 FI. 318.01 FI. 318.01	
don money market yesterday, hut there was still no clear	payments. Call money was quoted at 6.90-7.00 per cent	MONEY	Treasury Bills and Bonds	EDE Index P Fl. 300 EDE Index P Fl. 310 EDE Index P Fl. 315	198 2.10 26 9.10 90 0.70 3 4.40 61 2.40 38 6.10 660 3.50 - -	FI 318.01 3 7 FI 318.01 5 10 FI 318.01 - FI 318.01	ACROSS 5 Sound of disapproval over
direction. The degree of uncertainty	compared with 6.85-6.95 per cent on Friday. Much of the	Lunchtime One month		EDE Index P Fl. 320 EDE Index P Fl. 325 EDE Index P Fl. 330 EDE Index P Fl. 340	660 3.50 890 6 25 9.60 139 9 29 12 10 16 30 20.50 - 16	- FI, 318.01 22 13.70 a FI, 318.01 - FI, 318.01 - FI, 318.01 - FI, 318.01 - FI, 318.01 - FI, 318.01	1 Fishes taking it easy (6) 4 Poison puts cat in consider- 6 Mercury - planet first asso-
was reflected in the yield rate curve which in the one to six- month period was completely	firmer tone is due to a sharp decline in commercial banks' minimum reserve holdings	Prime rate 10 ¹ 2 Three month Broker loan rate 10 Six month Fed. trunts 8 ² 3 One year Fed. funds at. Intervention Two year	7 93 Tare year 8.07 7.71 Four year 8.07 7.95 Files year 8.04 7.99 Seven year 8.09 8.04 10-year 8.09 	and the second se	Oct. 89 Nov. 89	Dec. 89	(8) ciated with arsenic and methane (5.3)
flat. The important three- month rate was quoted at 13%-	with the Bundesbank. These fell to DM53.7bn last Thursday	Sep.18 Overzight Month	Two Time Six Londard Months Months Intervention	SFIC FL225 SFIC FL230 SFIP FL230	147 430 43 570 72 230 10 350 63 1	17 6.70 a FL 221.18 70 4.20 FL 221.18 26 2.60 a FL 221.18 50 0.50 FL 221.18 50 1.60 b FL 221.18	average, both short (6) trary! (6)
137. per cent from 14-13 ¹³ on Friday. The Bank of England fore-	 the latest day for which fig- ures are available - from DM58.5bn on Wednesday. 	Fraskfurt		SVFIC FI. 220 SVFIC FI. 225 SVFIC FI. 226 SVFIP FI. 200 SVFIP FI. 200 SVFIP FI. 215 SVFIP FI. 225 SVFIP FI. 220 SVFIP FI. 220 SVFIP FI. 220	111 0.80 93 250	17 6.70 a FL 221.18 70 4.20 FL 221.18 26 2.60 a FL 221.18 50 0.50 FL 221.18 50 1.66 b FL 221.18 50 1.66 b FL 221.18 40 4.60 FL 221.18 7 8 FL 221.18	10 Enterprise requiring space 8 Property expansion? (6) on screen? (8) 11 Told in the family (7) 12 Game in recent years cur- talled (8) 7 Temporary (7)
cast e flat liquidity position. Factors affecting the market	Traders are also concerned	Frankfurt 6.90-6.93 6.95-7.10 Paris 812.812 9-9-4 Zanch 812.812 72-7.40 Amsterdam 731.7.43 7.44.750 Nilar 54.751 545.56 Milar 124.122 127.125 Stresset 6.93.67 6.93.69	7.10-7.25 94-94 94-94 75-74 75-74 75-74 75-74 75-74 75-74 75-74 75-74 75-74 75-74 75-74 75-74 75-74 75-74 75-74 75-74 75-74 75-74 70-750 700 700 700 700 700 700 700 700 700		0ct 89 Jan, 90	Apr. 90	13 Reputedly good runner over- where these ladies sing this
included bills maturing in offi-	about the possibility of a fur- ther rise in West German inter-	87ussets	101-101 101-101 102-101	808 P FL 40			(5) 15 Flower of the Pre-Raphaelite hotherhood (4) 15 Rower of the Pre-Raphaelite 19 Kerchief for British and Unitan porey now obselete
U% clearing bank bace landing rate	est rates, and it is the timing of any such rise that is creating uncertainty. Investors will now	LONDON MO	NEY RATES	Argon C Fi. 113 Argon P Fi. 110 Anald C Fi. 130 Alzo C Fi. 130 Alzo C Fi. 160 Alzo P Fi. 160 Arger C FI. 60	$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	- FI 113.50 FI 113.50 21 5.80 FI 145.40 - FI 145.40 55 4.70 FI 57.90	16 Ought to get a soldier with a (3) pole - he'll get the boat 27 Hit orchestrated? (5)
14 per ceal from May 24	await the Bundesbank's latest sale and repurchase tender, the	Sep. 18 Overnight 7 days notice	One Three Six One Nonth Months Months Year	Amer P FL 60 BUHRMANN-T C FL 70 DAF N.V. C F1, 55 DAF N.V. P F1, 55	26 2.90 b 20 3.50 115 3.10 7 5.80 124 1.50 3 3.80	20 4.70 Fi. 57.90 Fi. 57.90 Fi. 72.50 11 5.30 Fi. 53.90 Fi. 53.90	20 Wine produced by a Gersh-
	terms and rates of which will be made known today and	Interbank Offer	14 14 14 131 137 137 137 137 138 138 138 138 138 138 138 138	N.V. DSM C Fl. 335 Elsevier C Fl. 80 Gist-Groc. C Fl. 80 Heineten C Fl. 150 Heineten P Fl. 130	$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	FI 72-50 11 530 FI 53.90 - FI 53.90 7 8.20 FI 127.10 - R 77.60 - R 73.60	21 Pop art? (4) 25 Cover for ane without a 27 Macraady a hit of and
cial hands and a take-up of Treasury bills, together with repayment of late assistance	cations is also important in	Internant Bid	121. 124.	Heinchen C FL 150 Heineken P FL 130 Hoogovers C FL 100	$\begin{array}{cccccccccccccccccccccccccccccccccccc$	FL 79.60 63 2.60 FL 36.10 - FL 138.80 - FL 138.80 - FL 138.80 - FL 138.80 - FL 138.80	26 Sailor piped on - and car.
draining £531m. In addition, banks brought forward hal-	ment policy; tomorrow sees the maturity of a previous sale and	Finance House Deposits	144. 144. 134. 134. 134. 134. 134. 135. 134. 134. 135. 134. 135. 135. 134. 135. 135. 135. 135. 135. 135. 135. 135	Haagovers C FI. 100 Hoogovers P FI. 95 KLM C FL 55 KLM P FI. 55 KNP C FI. 60	160 0.80 2.31 7.30 476 2.50 231 7.30 335 3 7 5.50 94 1.30 61 3.70 127 1.70 1.04 2.70 69 0.50 1.36 2 2	47 10 FL 54.00 5 6.50 FL 54.10 4 3.66 FL 54.10 10 3.70 FL 54.90 18 5.40 FL 54.90 10 3.70 FL 54.90 10 3.70 FL 54.90	28 The professional in part of RILIGIAIDIOION STREAM
ances £35m below target. These were offset by Exchequer	repurchase facility which	Fine Trade Bills (Buy)	141] 141; 1318 8.8 8.0 8.7 8.65 8.8 8.0 83, 85 8.4 80 83, 85 8.4 80 83, 85 8.4 80 7.2 9.7 93 7.2 9.7 93 7.2 9.7 93	KNPP FL.50 NEDLLOYDC FL.94 NEDLLOYDP FL.68	67 0.50 136 2 1277 4.20 95 8.60 310 1 8 3 .2 4 100 8.50	10 3.70 FL 54.90 48 1.40 FL 54.90 	29 Company kept by one clere is A to a start of a start is in the start of the star
transactions which added £200m and a fall in the note	In New York, the US Federal	SOR Linked Oep ald		NEDLLOYD C FL 94 NEDLLOYD P FL 58 NMBP FL 270 Nat.Ned. C FL 65 Nat.Ned. P FL 70	2 4 100 8.50 107 8 100 8.50 105 0.80 36 1.70	FL 95.90 10 13 FL 273 - Fl 72.60 5 2.50 FL 72.60	30 Marshal Ney's done for BOLLITAILE INTER sentor ladles (3) 80 molti-
circulation of £455m. The forecast was revised to a shortage of around £100m out	Reserve refrained from taking any action in the money mar-	Treasury Bills (sell); one-month 13.3 per cen one-month 13.3 per cent; three months 13.4 p discount 13.4610 p.c. ECGO Fixed Rate Sterling	n, three months 1312 per cent, Bank Allis (sell): er cent, Treasury Bills, Average tender rate of Export Finance, Make up day August 31, 1989.	Aegon C Fi 115 Aegon P Fi 110 Abato C Fi 130 Akro P Fi 160 Akro P Fi 160 Amer P Fi 160 Amer C Fi 150 DAF N.V. C Fi 55 DAF N.V. C Fi 55 C Fi 40 Heineben C Fi 150 Hoogorens P Fi 55 KLM C Fi 55 KLM C Fi 55 KLM P Fi 55 KLM C	$\begin{array}{cccccccccccccccccccccccccccccccccccc$	22 0.40 F. 113.50 F. 135.00 F. 157.90 F. 57.90 F. 57.90 F	ply by dividing (6)
there was no assistance given by the Bank during the morn-	quoted at 8 ¹ / ₁₀ per cent from 9 ¹ / ₁₁ per ceot on Friday, but may	Agrees rates for period September. 26 to October III: 15.16 p.c. Reference rate for period August. p.c.Local Authority and Finance Houses seven in Houses Rate 14 form Sentember 3 1090-9	.cv, 1989, Scheme I: 14.76 p.c., Schemes II & 1 to August 31, 1989, Scheme IV&V: 13.880 days' notice, others seven days' fixed. Finance and Denosit Rates for some at some days man	Voliever C Fl. 150 Unilever P Fl. 150 Van Ommeren C Fl. 35 Wessagen C Fl. 90	265 2.50 265 4.50 110 3.50 .2 .10 10 3.50 .2 6.10 170 2.60 .8 4.60 33 0.80 109 .3	2 5.90 FL 150.90 FL 158 FL 158	1 Ring in wrong details, get- ting cut off (8)
ing; there was no help in the afternoon either, on a revised	move higher today, depending to some extent on the scale of	Treasury Bills (sell); one-month 134, per ces one-month 134; per cent; three months 134; p discount 13.4610 p.c. EGGD Fixed Rate Sterling Agreed rates for period September. 26 to Getober III: 15.16 p.c. Reference rate for period August p c. Local Authority and Finance Houses serven Houses Base Rate 14 from September.1. 1989; I 4 per cent. Certificates of Tax Deposit (Serrier) month 10; per cent; one-three months 12 per cent; Udd Deposits withdrawn for cash 5 per cent. Und Deposits withdrawn for cash 5 per cent.	6); Deposit £100,000 and over held under one t; three-six months 12 per cent; six-sine months er £100,000 10 ½ per cent from May 25.1989	T	TAL VOLUME IN CONTRACTS : 3	4,000	DOWN 1 Ring in wrong details, get- ting cut off (8) 2 Bookish though far from obscare line about time (8) 3 The state and Eva Turner? EAR E C C RIO S S B I I LL A N N N H D W R A DB E DO E MULT IN EER C R E C C RIO S S B I I LL A N N N H D W R A DB E DO E MULT IN EER
forecast of a £50m shortage.	recent corporate tax payments.	Deposits withdrawn for cash 5 per cent.		A-Ask	8-Bid C-Call P	-Pat 3	3 The state and Eva Turner? IL R E C F F F E (6)
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WORLD STOCK MARKETS

	AUSTEIA Sestember 18 Seb + or	FEANCE (continue)	GERMANY (continue)	ITALY (continued)	SWEDEN Sestember 18 Kroser + or -		NADA
	Australian Aleikons 2 870 Julio		September 18 Das. + or Bayer	September 3.8 Lire + er Saffa A 11.570 -80 Saffa A 2.690 -44 Skätte 5.620 + 30	AGA & Creet	Seles Stack High Low Close Chag Sales Stack High Low Close Chag	NADA
	Orefilamstalt 3770 -20 Gesser 5010 470 Istrantial 23,150 -100 Jandonstall 18,550 460 Langiterical 560 -15 Perimoser 1,560 15	Bancaire Cle		Sintista 45,750 -150 Sintista 11,000 -11	Asta 8 (Free) 665 -5 Asta 8 (Free) 368 -7 Atlas Conc A (Free) 252 -5 Electrosia 8 (Free) 315 -1	TORONTO 2000 Chustan 125 125 125- T 3000 CHUM B 1 334 24 24	13741 tmasce L 5374, 575, 374, 1 35 Rd Stents 8 5324, 324, 324, 324, 324, 324, 324, 324,
	Reinioghans	Bongraha	Duran Drawn	Sola BPD	Ericspar 6 (7m2) 735 Ericspar 6 (7m2) 735 Easter 8 (7m2) 225 +3 Gaster 8 Frez 375	2pm prices September 18 Constantions in cents unless marked S. September 18 Constantions in cents unless marked S.	2552 imp Oil A 359 505 f 59 9000 Reinisance 5201 g 201 g </td
1000 1000 1000 1000 1000 1000 1000 100	Verband	1769	Drown Edward 1100 -20 Da. Perf. 1.000 +40 Downershask 207.3 +1.8 Considershask 313.5 -2.5 OLW -615 +1.0 Dainter-Bare -615 +1.4 Destrost-Gare -207 -5 Destrost-Gare -205 +4 Destrost-Gare 537 +4	NETHERLANDS	Distination R (Fine) 1170	4567 Abdibly Pr 1175 177 177 - 4 1975 Applied Pr 1175 177 177 - 4 1975 Applied Pr 1175 177 177 - 4 1975 Applied Pr 1175 177 177 - 4 1972 Communication 1274 177 177 177 - 4 1972 Communication 1274 177 177 177 177 177 177 177 177 177 1	1700 lpsco 019 18 ² g 18 400 Rothman Stélig 65 65 1200 lvaco Af \$12 ³ g 12 ¹ g 12 ¹ g - ¹ g 23675 Royal Bnk \$45 ³ g 44 ² g 45 ¹ g 47750 skunsck \$10 ¹ g 18 ¹ g 12 ³ g - ¹ g 7700 Ski Sysi \$10 ¹ g 10 ¹ g - ¹ g
	BELGIUM/LUXEMBOURG September 18 Frs. + ++	Chargems	Dalmier-Berz 786 +4 Deckel (Fr.) 207 -3 Depasa 539 +4	September 18 Fis. + er - ACT Holding 42.40 +0.4 AEG01	Staadia (Fred	80 Algo Cont \$174 174 174 2003 Concent \$114 114 114 4	6820 Labert 5241 244 2503 SNC AI 3312 012 012 14 350 SNC AI 3312 012 012 15 155 255 255 255 256 257 252 252 252 256 257 251 153 155 155 255 253 54 012 14 26123 250 253 254 012 14 26123 253 254 012 14 26123 253 254 012 14
	B.B.L. 3430 Base bitl a Lor 15,500 -50 Base Base Base Base Base Base Base Base	Coald	Depresa Oerische Babouck	ACT Halfing 42.40 +0.4 ASSUM 111.50 +1.5 Abolt 122.00 -0.4 AK20 126.40 -0.1 ABH 146.40 -0.1 ABH 57.90 -0.6 AMRD 83.70 +0.6 Bok Lucz 83.70 +5	S Kongert's AFres	9000 Acc 11 510's 10's 10's 10's 10's 10's 10's 10's	3807 Laterce D 322-1/4 225/5 225/4 1/4 500 Samuel MT 313/4 1/5/5 1/5/5 32330 Laterce D 520'4 20'9 20'9 -1/4 500 Samuel MT 313/4 1/5/5<
- (<u>-</u>)		Cred Forcler Fr	Dealer Rate 343.5 HD 5	Rok Incz	Svia Laura 100	Status SC2 Month S2117 and	2005 Linviet 2224 224 224 m0 Scott C 519 19 19 - 4 3030 MDE 8 324 24 24 2 19 1905 Seegram 3364 55 96 88150 Mac Kerzle Sil 24 2 0 1980 Seegram 3364 14 - 4
	Const CR 2000 740 Const CR 6,330 10 Do, AFV1 4,220 +10 Const CR 319 -5 Cohen 1 10,675 +45 Dekalte 4,500 +40 Cohen 1 10,675 +45 Dekalte 4,500 +40 Cater 1 10 +50 Dekalte 4,500 +40 Cater 1 10 +10 Cater 2 4,500 +40 Cater 2 4,700 +10 Cater 2 1,994 -2 De AFV -10 -70 De AFV -4,770 -5 Geteen <td< td=""><td>Domart 37711 -763 Docks de France 4 399 +69 Dollman Miles 569 +13 Domers S.A. 1.045 -10 Eanr (Cle Gen) 2163 -6 Ecco </td><td>Goldestanid. (78) (478.3 (40.3</td><td>Borpantij Webry 128.00 40.5 Beekrome-Tex 72.50 +1.6 Cauer Parts </td><td>SwinzerLAND September 18 Frs. + er -</td><td>7000 Retmant 75 72 74 4 SUELPEN 3/6 /6 /0 T</td><td>$\begin{array}{c ccccccccccccccccccccccccccccccccccc$</td></td<>	Domart 37711 -763 Docks de France 4 399 +69 Dollman Miles 569 +13 Domers S.A. 1.045 -10 Eanr (Cle Gen) 2163 -6 Ecco	Goldestanid. (78) (478.3 (40.3	Borpantij Webry 128.00 40.5 Beekrome-Tex 72.50 +1.6 Cauer Parts	SwinzerLAND September 18 Frs. + er -	7000 Retmant 75 72 74 4 SUELPEN 3/6 /6 /0 T	$\begin{array}{c ccccccccccccccccccccccccccccccccccc$
	Colorum 119,675 +455 Colorum 6,550 +460 Delanize 6,550 +460 Delanize 4,500 +45 Delanize 4,500 +46 Fabricer Not	Electrofia re 000 -15 Bit-Applitable 536 +2 Do. Onto 13 +3 Enelt-Electronic 138 +2 Enelt-Electronic 138 +2 Enelt-Electronic 3,450 +44 Enenth Ciric) 2,965 -15 Euroficiate 2,360 -16	1441	DSN4	Adia inst 9,190 +20 Almonicas 1.475 +5 Da. Phy. Certs 106 B. Saloise Mid. Phy 2275 +10 Sanit Les 3180 +55	33370 Bondadr B 3165 165 165 165 165 1 105 100 Engineer 3 305 105 105 105 105 105 105 105 105 105 1	1354 kash Aos 59 9 9 3220 Sohora 160 160 160 3200 Mendi M \$1374 1372 1374 3300 Southam \$32 314 32 1600 Mend Dw 554 555 574 1300 Southam \$32 1314 1214 Hz
	GIB Group 1.094 -2 Da. AFV 1.096 -2 GEU Brack 4.790 -10 D0. AFV 1 4.770 -5 D0. AFV 1 4.770 -5	Epeta Bertrani	Hockler 900 +12 Noether 296.5 +3.2 Noether 246.5 +3 Holzmann (P) 1,000 +24	Losing Petroleum, 20200 PULD PULD Deritscher Petroleum, 79:00 +0.3 Elserter 79:00 +0.3 Gamma 85:00 +0.3 Gamma 36:10 +0.1 Heinister 36:10 +0.1 Heinister 29:00 -0.5 Hogenetis 96:00 +0.3 Hogenetis 96:00 +0.3 Hitter Despitas 121:20 +0.7 Hitter Despitas 145:00 -0.5 Hitter Despitas 121:20 +0.7 Hitter Despitas 127:00 -0.7	Brown Bareri	26516 Britomater 240 232 240 2 19010 BC Phone 5164 16 161 - 4 2500 Fin 7mico 12 11 11 - 2	6553 March Comp 385 390 380 5556 Steles A \$2212 221, 221, 21, 21, 21, 21, 21, 21, 2
· · ·	Do. AFV2 1/70 -5 Genters 1/84 +6 Do. AFV 1/084 +14 Generale Bant 6/220	Eurocom 1,800 -30 Euromanche 3,390 -65 Ever 212 +1	Hotoman (P) 1080 +24 Bortes 295 -4.8 Indestrietensite 296 -1 Indestriet Worte 394 -1.5	Hoogovens 96.00 +0.9 Hanter Dougles 121.20 +0.7 Hit Carlingd 34.50 +0.7 Hit Carlingd 34.50 +0.7	00.09(0s) 3,225 -50 - Electroweat 2,970 +30	34750 CB Paix File 97 Till Finning L S14/s 14 14 5700 CC2 B1 S127 122 120 Filemath 4 1500 100 10 14 14 5700 CC2 B1 S127 122 120 Filemath 4 5100 10 10 + is 5700 CC2 B1 S127 122 12 100 Filemath 4 5100 10 + is	200 Nee 7el Ent 619 19 19 19 44 5550 Torszer B f \$23 4 33 4 33 4 54 5 19 19 19 200 Torszer B f \$23 4 33 4 33 4 54 5 19 19 19 19 19 19 19 19 19 19 19 19 19
	Do. AFV1	Bar 3.700 Bar Financial 212 41 Francise i jone 212 41 Fromangeris 2.460 437 Grid-Extreme 4.30 410 Gas Beophysian 881 -1 Gas Beophysian 881 -1	Bioletterrer Zein 1040 -5 Bioletterrer Zein 517 +25 Henkt Prof. 507 +25 Henkt Prof. 500 +12 Noekt Prof. 2005 +32 Hoekt Prof. 2005 +32 Indestrietrentit. 255 +3 Kantach Marke. 2015 +15 Kult Statz 233 -2 Kult Statz 2016 +3 Kachter Worke 320 -3	Kempen 17.40 +0.2	Fischer (Sen) 1950 +10	13100 Cameridg 537 364 364 - 1 13400 France o 572 1176 12 + 1 1000 Cameridg 537 78 78 78 - 2 1560 GW Unit 5241 2412 2412 1000 Cameridg France o 572 1176 12 + 1 1000 Cameridg 537 364 364 - 1 1560 GW Unit 5241 2412 2412	38960 Hovenda \$251a 25 ± 254 ± 72500 FrmAter (/ 374 113°) 14 30055 Norroen \$251a 25 ± 5 ± 1 5 15° 16° 18° 18° 18° 18° 18° 18° 18° 18° 18° 18
	kotercom 3,620 +45	Hacheste	Kraft Werker W. 165 +1 Kraft Werker W. 320 -2 Latenever 1,000 -10 Linde	Helliond 95.90 45.4	Forta 2,950 +30 Hotherback (Br) 5,960 -40 Maizsterf (Br) 6,650 +45 Isspectaritie (al	800 CG wweet \$46 4412 45 -114 25 Grant Vit \$912 912 812	S5750 Nov 7 tel S241/2 S41/2 S41/2 S13000 Intrace A 1 S281/2 S20 S28 145501 Nove 1 S355 S12/4 S1 S2 S2000 7/12 to 20 S20
	00. AFV 2	Rans 1135 +16 Innexables de Fr 376,9 +6.9 Innexables de Fr 1360 +2 Innexables de Fr 712 -7 Indestriefe 14,950 +20 Intersail 526 +3	Do. N/Y Pref 170 +15	Nitricia Ver B. 81.50 +2 Oce Grinute 324,00 -0.5 Demoires (Val) 34.50 -0.1 Pathood 14450 +1.5 Pathood 46.70 -0.7 Resonance 112.50 -0.1	Jacobs Sachard	2100 C Liamond Sidk Sik 14k 14k 400 Coldcorp f 425 420 420 - 10 21350 C Codental Sigh 185 131 + 1 1505 God Knight Sigh Sig Sig Sight 1	2000 Const 27 510 10 10 10 10 10 1 2 200 U Empriso 111 11 11 12 2 200 U Empriso 111 2 11 1 1 12 12 2 200 U Empriso 111 2 11 2 12 2 2 2 2 2 2 2 2 2 2 2 2
	Rayale Belge 5,990 Do. AFV1 5,910 +20 Do. AFV2 5,920 +50	Unterstation 12750 -130 Interstation 12750 -150 LV1AH 4,516 -15 Lafarge Coppe 12740 +2 La Head -44 -44	Do. Prof. 3725 1425 Masseeman 2785 143 Masseeman 2785 143 Manacher Vers 1030 16 Metocoles Hild 650 125 Metocoles Hild 650 425 Metocoles Hild 459 14	Rolface 11270 03	Da. Poi	4506 Careeras a 340 240+ 5 25400 Guilt Res \$151 147 147 - 4	1400 Parnour 58 6 6 332 PanCar P 52814 2814 2814 14 1400 Pannour 51812 1812 1812 1812 1812 1812 1812 181
			Nimberf	Revel Direct 150.80 -2.6 Unificat 128.00 -0.2 VNF Stork 41.40 +0.2 VNF Stork 111.30 -0.2	Motor-Columbus 1,520 -5 Hestie B,700 +200 Dn. (Heg) 6,330 +190 Om-Sudrie 1,280 +50 Partyca Klag 1,830 +20 Piretit 438 +50	10500 Carena \$23 29 29 - 1 0 0000 Hees Ind 523 28 29 29 + 4	23542 Placer Dm \$18% 17% 18% 1% 14%42 Placer Dm \$18% 17% 18% 1% 44500 Mesamin \$34, 9% 9%
	Statewick in 180 Testenderio 8600 Do. AFV 8,450 Tractebel 9,710	Lycon. de Exer	Porsche 840 Pressed 325.5 +1.4	Wetars Rinner 45.15 +01	Rache Hidgs (Br) 7,775 +50	500 Collameses 530 to 30 to 30 to - to	32/370 Proving Corf 515 % 15 % 63/00 Western 54/2 42% 42% 41% 1700 Provingo 53 % 5 % 9 % 1 % 63/00 Western 52/3 42% 42% + 1% 100 Clustoper 53 % 6 % 9 % - 1% 227 Woodtwid A 280 280 10 131150 Ranger 56 % 6 % 5 % 9 rights restricted voting 300 Western 56 % 8 8 -
	Do, AFV	Michetin B 1B4 +3 Michetin B 1,470 -4 Monilaer 149 -4 Manilaer 149 +4		NGRWAY September 18 Krauer + or	Sandor (8r) 13 1.00 +300 0.0.(FLSA) 2300 +25 Schildfer (8r) 5,550 +75 0.0.(FLSA) 200 +20 1.040 +20 1.040 +20 1.040 +20	19125 C Gener The \$10% 10% 10% 10% 10% 1000 H Bay Co \$354 352 352 4	300 Rayrock f \$8 6 8
	Tessenterio 8,600 Do. AFV 8,400 Tractoci 9,710 Do. AFV 9,600 Do. AFV 9,600 Do. AFV 9,720 Do. AFV 13,000 Do. AFV 13,000 Do. AFV 2,900 Do. AFV 2,600 Do. AFV 3,500	1.3540 2.870 -1 1.roairmate 2.870 -1 1.roairmate 422 +17 Martine & Potentx 63 -1 Martine & Fotostx 63 -1 Martine & Fotostx 63 -1 Martine & Fotostx 64 -7 Microstrip & Mint 124 -7 Martine & Fotostx 147 -1 Martine & Mint 121 +1 Normalitic Galer 146 -4 Orsa 273 +1 Park Resconnette 74 +15 Park Resconnette 174 +15 Park Resconnette 174 +15 Parte Resconnette 1787 -1 Persond Ricard -138 -12 Persond Ricard -138 -14 Persond Ricard -138 -14 Persond Ricard -138 -14 Parte Resconnete -138 -14 Persond Ricard -140 <	Schering 804 +14 Schuszlinch-Let 177.2 -23	Altr 115.50 +3 Bergens Back 213.00 +5 Bergens B 343.00 +12 Christians Str 152.00 -1.5 Des Rorste Creft 143.00 +3 Dres Rorste Creft 143.00 +3 Urristant Specific 240.00 +4 Urristant Specific 240.00 +4 Kristant Specific 240.00 +4 Kanzoni 240.00 +5 Kanzinter 240.00 +5	Sita		DICES
$\sim 1.8 \Omega$	Do, AFY	0rsar 420 +13 Paris Resconpte 502 +2 Paris Resconpte 474 +15 Pethelinen 1,431 -14 Pernol Ricard 1,464 -39	Thread	Dyne inf	Do. Prg. 245 -1 Swits Relate 12,225 +25 Do. Prg. 2,025 +25 Smits Valksbir 1,770 -1 Helco Bant 3,840 +20 Do. Prg. 131 +1	NEW YORK DOW JONES	Sep. Sep. Sep. Sep. 19999
т. 	September 18 Kr + or Baltica Hidgs	Pernol Riceró	Veta	Kuterner 145.50 +1 Nora Lattstrier	Smith Valkobi 1770 Unico Busi 3.840 Do. Ptg. 131 Witotarbur 4.900 Do. Ptg. 5.400 Zarkis Ins 5.400 Do. Ptg. 5.400	Sep Sep Sep 1989 State compilation 15 14 13 12 High Low High Low	AUSTRALIA
	Danison 880.8 -1.7 Des Daesire Bank 373.1 -0.2		Vertin-West 441 Viag 327.8 Vialsmager 475.2 441 404.5 Do. Pref. 404.5 Weila Pref. 651.5 Janders Fold (pr. 323 -2	Horst Hydro	2arica ins (5,400 1-5 Do. Ptg (2,180 1+5	4) eduatrials 2574 58 2664 29 2579 52 2707 26 2752 09 2144 54 2752 09 41 22 Home Bands 93.01 92.96 92.94 92.96 94.15 87.35	All Ordinaries (1)1/801
	F[S] table B 34775.5 CH Grant Nordiz 8005 J.S.S. B. Systems 8024 J.S.S. B. Systems 422.4 J.Yate Bank 421.5 Mone Montifact 500 J. None Montifact 300.5 J. Statisk Kabel 230.5 J. Statisk Kabel 200.5 J. Statisk Kabel 200.5 J. Statisk Kabel 200.5 J. Statisk Kabel 200.5 J. Statisk Kabel 200.1	Roussel-Uclar 2145 -8 SULC 835 +15	ITALY	SPAIN September 18 Pts.% + sr Banco Briban Viz 852 (-10	Seturn AFFECA September 3.8 Rand + sr - Aberras 225 -0.15	Transport 1439.72 1443.28 1469.24 1477.05 1532.01 959.95 1532.01 12.32 UURLies 215.54 213.78 214.10 215.92 221.64 183.84 227.63 10.50 UURLies 215.54 213.78 214.10 215.92 221.64 183.84 227.63 10.50	Credit Altien (30/12/84) w) 435.25 434,13 436.62 440,76 0.1/91 219.5 (2/1) BELGUNS Bassets SE (1/1/80) 6736.24 6700.70 6676 61 6647.21 6736.24 (13/9) 5519.30 (4/1)
	2010/8016 21/2 m 73.5 CK Gratt Konfiz 8005 -1.3 LSS. 8 Systems 802.4 -1.3 LSS. 8 Systems 482.4 +7.6 Morrisk Kade .500 -30 Morrisk Kade .300.5 -22 Prinettination .392.4 +0.2 Royal C Rager A -501 .301.5 Sophra Berencher .1254.2 -10.6 Sophra Berencher .1254.2 -10.6	Sugen 1.620 +6.7 St.Cobain 702 -4 Statt Louis 2.461 -9 Sanof 1.073 +19 Schweider 871 +1 Sub SA -20 -20	September 1.8 Live + or Banca Courtle 5.805 -35 Banca Raz Agric 11,610 +410 Banco Cartino 5.689 +11 Basco Larino 5.689 +11	Batto Esterior	Abernas 225 -0.15 AEC 18 -0.1 Alled Tech 76 -3 Angle Am Caul 76	40ays High 2595.67 (2690.36) Low 2543.05 (2547.61) STANDARD AND POOR'S	DEN MARX Capenhagen SE CV/1/83)
	Royal Chapter A	Simon	Sastod Larano (3659 +11 Bargo (Cartiere) 17,100 -244 CR 5,978 -7		Anglo Am Call 76 Anglo Am Carp 98.5 Anglo Am Carp 98.5 Burner Rami 2055 Burner Rami 42.75 OtA Salto 20.5	Comparing :	FIHLAND Unitias General (1975)
	FUNLAND September 18 Mins + or -	Sick Roungaul 1260 +10 Soc. Get. de Fr 530 +6 Sommer-Alithert 2802 -3 Syte-Battpostes 740 Suez (Fla de) 395 -2	Carifaro 1.502 +66 Oemestir 3.604 -36 Clyabotel 4.200 xr -240 Collide 5.150 xa -50	Citatesi Hispania 1,520 Carja, Magire	De Beers 59.6 +0.2 Desfinal Sold 12.4 +0.1 Desfinal Sold 12.4 +0.5 Ford Sold 12.6 +0.85	Financial 22.76 32.48 32.98 33.34 0.1% C3/11 1.1% 0.1%	CAC General (31/12/82)
·	Anter 154 Chitor 86 Enso-Gutzelt A 31,45 Enso-Gutzelt R 25,25 Hahtamaki I Free 87,5 -0.3	Taitelager 4,100 +47 TRT 1,419 Bootson (CSF) 194 -0	Bargo Cardiard 415	Encos	East Rand Gold	Aver Mitz, Value	FAZ Aktien (3)/12/589
	Hohtamaki k Free 155.5 +10.5 KOP	Uribuli	Da. Priv 7,637 +669 Fidis 8,530 +20 Fondiaria 62500 +400 Gemina 2,658 +56	Hidroid Cantab	Higherid Steel 18.5 Kiorge Gold 55 +1	32/91 02/91 02/91 02/96/97 02/10/72 Sep 8 Aug 25 Aug 18 year ago (approx.)	HOHG KONG Hang Seng Bank (31/7/64) 2648.21 (2) 2612.82 2592.14 3309.64 (15/5) 2093.61 (5/6)
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FINANCIAL TIMES TUESDAY SEPTEMBER 19 1989

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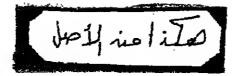
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NEW YORK STOCK EXCHANGE COMPOSITE PRICES

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NYSE COMPOSITE PRICES **OVER-THE-COUNTER** Nasdao national market 3pm prices September 18 Chige Close Paux, Quele Close
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FINANCIAL TIMES Fatigue prevails in week of waiting

Tuesday September 19 1989

WORLD STOCK MARKETS

AMERICA Dow marks time before prices data

Wall Street

A LETHARGIC day on Wall Street saw equities trading in a narrowly mixed range yesterday, writes Karen Zagor in New York

At 2 pm, the Dow Jones Industrial Average was 5.51 points higher at 2,680.09. Trading on the New York Stock Exchange was light, with less than 93m shares changing hands by mid-day. On the Big Board, falls led rises hy a ratio of 7 to 6.

The debt market was also sluggisb at mid-day. with the Treasury's benchmark 30-year bond up h at 100th, yielding 8.07 per cent. Bonds received no support from the dollar, which slid to Y145.60 and DM1.9505 in the early afternoon, down from Y146.91 and DM1.9770 at the beginning of trading in London

Wall Street is waiting for today's release of the August consumer price index, which traders hope will hoost the

Griggs & Santow, the money market economists, expect a \$1% to \$22% after announcing

rise of 0.1 per cent overall, with a gain of 0.3 per cent when that it would increase its loan-loss provision in the third food and energy are excluded. quarter by \$35m compared Semiconductors issues, with \$20.5m in the second which posted gains last week after a bullish industry report, fell back after a Kidder Peaouarter. First Pennsylvania jumped body analyst cautioned inves-

\$1% to \$16% after accepting a takeover offer of \$18.75-a-share tors ebout the industry as a whole, particularly those comor \$730m from CorreStates Financial. First Pennsylvania and DRAM exposure. Motorola fell \$½ to \$57%. panies with personal computer is thought to have rejected a rival \$20.85-a-share bid from

Texas Instruments fell \$% to \$40%, and Western Digital fell \$% to \$8%. In over-the-counter Meridian Bancorp. Shares in CorreStates fell \$2 to \$47% while Meridian leapt trading, Intel was down \$% to \$31 and Chips & Technologies tumbled \$1 to \$20. \$1 to \$23%. First Interstate of Wisconsin rose \$5% to \$22% after agreeing to merge with Norwest Corporation, a Min-neapolis-based bank holding UAL, the parent of United Airlines, rose \$1 to \$280%. On company. Norwest added \$% to \$22 %.

Friday, the company's board accepted a \$300-a-share buyout offer from management and Georgia Guif, which fell \$4% on Friday after Mr Harold Sim-mons, the Dallas investor, said he would drop a proxy fight against the hoard, slipped another \$% to \$51%. the pilots' union, backed by a \$750m equity pledge from British Airways. AMR, the parent of Ameri-can Airlines, fell \$1% to \$75%,

while Texas Air, which has been trying to sell its Conti-nental Airlines subsidiary, slipped \$% to \$17%. First Bank System tumbled Among other takeover issues, MGM/UA edvanced \$% to \$22%. The entertainment group has accepted a bid of \$25-a-share from Quinter.

ASIA PACIFIC

Tokyo

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ary pressures.

Tokyo yesterday as investors

The Nikkei average, after moving from a high of 34,525.41

to a low of 34,385.16, closed up 70.66 at 34,472.54. Advances led

declines by 483 to 436 while 199

Turnover was low at 491m shares, down from the 585m

traded on Thursday. The Topix

index of all listed shares advanced 3.80 to 2,622.23 and, in London trading, the ISE/

Nikkei 50 index rose 1.83 to

little to encourage buying

enthusiasm yesterday. There

was a growing consensus that the yen was unlikely to see much of a recovery in the near

future and that, as a result, the

Bank of Japan would keep

interest rates at their current high level to counter inflation-

Analysts agreed that the

market's movements this week would be significantly influ-

enced by the yen-dollar

exchange rate. For the most part, investors

appeared to have given up on

The three-day weekend did

issues were unchanged.

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-2.70 -0.97 +2.40 -0.52 -0.63 +0.05 -1.65 -2.54 -2.20	+ 1.36 - 0.67 + 1.00 + 1.80 + 4.86 + 2.97 - 1.73 - 1.35 - 0.45	+25.75 +38.50 +30.29 +73.06 +14.47 +58.93 +25.69 +32.26	+27.92 +29.04 +25.98 +46.47 +16.61 +33.76 +27.40 +30.02	+33.22 +28.54 +31.55 +56.01 +24.48 +43.35 +30.41 +30.02
-0.97 +2.40 -0.52 -0.60 +0.05 -1.65 -2.54 -2.20	-0.67 +1.00 +1.80 +4.86 +2.97 -1.73 -1.35 -0.45	+38.50 +30.29 +73.06 +14.47 +58.93 +25.69 +32.26	+ 20.04 + 25.98 + 46.47 + 16.61 + 33.76 + 27.40 + 30.02	+28.54 +31.55 +56.01 +24.48 +43.35 +30.41 +30.02
+2.40 -0.52 -0.60 +0.05 -1.65 -2.54 -2.20	+ 1.00 + 1.80 + 4.86 + 2.97 - 1.73 - 1.35 - 0.45	+38.50 +30.29 +73.06 +14.47 +58.93 +25.69 +32.26	+25.98 +46.47 +16.61 +33.76 +27.40 +30.02	+31.55 +56.01 +24.48 +43.35 +30.41 +30.02
-0.52 -0.63 +0.05 -1.65 -2.54 -2.20	+ 1,80 + 4,86 + 2,97 - 1,73 - 1,35 - 0,45	+ 30.29 + 73.06 + 14.47 + 58.93 + 25.69 + 32.26	+25.98 +46.47 +16.61 +33.76 +27.40 +30.02	+ 56.01 + 24.48 + 43.35 + 30.41 + 30.02
-0.60 +0.05 -1.65 -2.54 -2.20	+4.86 +2.97 -1.73 -1.35 -0.45	+ 73.06 + 14.47 + 58.93 + 25.69 + 32.26	+ 16.61 + 33.76 + 27.40 + 30.02	+24.48 +43.35 +30.41 +30.02
+0.05 -1.65 -2.54 -2.20	+2.97 - 1.73 - 1.35 - 0.45	+ 14.47 + 58.93 + 25.69 + 32.26	+ 33.76 + 27.40 + 30.02	+43.35 +30.41 +30.02
- 1.65 - 2.54 - 2.20	- 1.73 - 1.35 - 0.45	+ 58.93 + 25.69 + 32.26	+ 27.40 + 30.02	+30.41 +30.02
-2.54	- 1.35 - 0.45	+25.69 +32.26	+ 30.02	+30.02
-2.20	-0.45	+32.26		
		1 32 03	1.04.15	1.00.01
		+ 42.50	7 20.10	
-1.51	+0:43	+ 11.45	+17.37	+24.65
-0.35	+3.99	+10.12	-1.50	+ 15.79
+ 1.48		+21.48	+9.20	+7.93
+ 0.07	+ 5.34	+ 48.47	+38.87	+63.40
-1.45	+0.65	+22.02	+33.31	+45.94
-2.39	-0.96	+31.82	+35.01	+55.34
-1.49	- 1.34	+ 20.93	+ 16.63	+32.77
-1.18	+1.02	+26.83	+23.88	+ 45.66
+1.39		+ 130.90	+ 117.35	+ 126.60
- 1.06	-4.48	+ 54.46	+37.71	+55.40
-0.16	-0.43	+ 25.52	+17.47	+24.67
	-2.39 -1.49 -1.18 +1.39 -1.06 -0.16	$\begin{array}{rrrrr} -2.39 & -0.96 \\ \hline -1.49 & -1.34 \\ -1.18 & +1.02 \\ +1.39 & +13.08 \\ \hline -1.06 & -4.48 \\ \hline -0.16 & -0.43 \end{array}$	$\begin{array}{rrrrrrrrrrrrrrrrrrrrrrrrrrrrrrrrrrrr$	$\begin{array}{rrrrrrrrrrrrrrrrrrrrrrrrrrrrrrrrrrrr$

By William Cochrane

OOKING tired and almost irritable in the tional motor show, it produced unexciting results and refused to release details of the rights L'affermath of an erciting summer, North America and Europe outweighed a california recovery in Tokyo last week to leave the World Index lower for the third week running. Wall Street had a week of

issue, at one time thought to be DM2bn or more, which is still overhanging the market. Sentiment was not improved by the financial difficulties of waiting; for the "triple witch-ng hour" when stock-index utures and options, as well as options on individual stocks. the Co op retailing group; and, the Co op retaining group; and, on the macro-economic front, market strategists were wres-tling with the strength of the US dollar and its potential impact on key interest rates at this Thursday'a Bundesbank macting xpire; and for four sets of cruand, these wire overshadowed md, these wire overshadowed market as the prime exponent of the genre, the Canadian-cased Campean Corporation, an into a cash flow crists.

meeting. Switzerland, another falling market, had its own interest rate worries, but it was also seen as in need of a good con-

the week's poorest performer, had a number of things to

worry about. On Monday,

Daimler Benz soured the week.

Before the Frankfurt interna-

Takeover shocks, which the unk bond phenomenon has helped to inflate, fell sharply as prospects of future, highlysolidation. Like West Germany, Japan was said to be waiting for the release of US economic data on riced merger deals seemed to seede: contributing to Amer-a's 12 per cent fail over the Friday, when Tokyo was closed for National Day. It was one of the week's best performers, but the conclusion was that Sepeek. Canada followed the US ecline — without Campeau, spended last Wednesday tember, traditionally a sluggish month, is proving no exception this year.

In Europe, West Germany,

ding 1.5 per cent lower.

unchanged at A\$15.85.

Individual issues provide the interest in thin session

INDIVIDUAL features. highlighting company news and speculation, relieved a thin start to the week for Continental markets yesterday, writes

Our Markets Staff. AMSTERDAM was dominated by the failure of one bank merger and the success of a second - seen as extraordi-nary events in a very quiet day's trading, which left the CBS tendency index just 0.7 higher at 196.2.

Amro was suspended tbroughout the session after closing at F183.70 on Friday. It announced that it bad abandoned plans to merge with Générale de Banque, Belgium's largest bank, and that the two banks would reduce their 9.99 per cent crossholdings in each other to 5 per cent, placing the extra shares with institutions. The market had not expected

the merger to go through, said an analyst, adding that most of the bad news now seemed to be out of the Amro stock.

NMB's announcement at the weekend that its merger with the state-owned Postbank would go ahead on October 4 was also expected, leaving the NMB share price little changed

at Fl 273, down 50 cents.

dealing in DM255m. more effective investment in Hoecbst, the chemicals the sector. MILAN ended mixed in thin group, was fourth most actively traded at DM138m, ristrading and the Comit index ing DM3.20 to DM298.50 as it closed 1.75 higher at 727.95. denied a magazine report alleg-ing that it had defrauded Her-Once again, traders relied on individual issues such as the mes, the West German state-backed export credit scheme. perceived fight for control of

Mondadori, the publishing group, whose preferred shares rose L330 to L27,430. Amef, the PARIS was little changed in a fairly thin session, with any activity here, too, focused on holding company which owns a controlling stake in Monda-dorl, saw its savings shares corporate news and speculation. Peugeot's share price continued to decline on the cur-rent strike action, losing FFr4 advance L296 to L8,596. BRUSSELS reached further to FFr903 on busy turnover of record highs, hut trading was mostly quiet. Générale de Ban-300.000 shares. Imetal rose FFr6.90 to

que was suspended after the FFr376.90 amid rumours that it news that it had dropped its would sell its stake in the metplans to merge with Amro of the Netherlands. The cash als group, Metaleurop. Mich-elin, the tyre manufacturer, market index rose 35.55 to added FFr3 to FFr184.50 after 6.736.25 Friday's news of a 23 per cent rise in first-half group profits. Volume in Navigation Mixte

OSLO hit its second all-time high in a row as blue chips made strong gains and prices for Norway's North Sea oil rose. The all-share index gained 6.51 to 544.59 in modershares shrank after last week's active trading and the increase from 5 to 7 per cent in the holding of AGF, the state-con-trolled insurance group. The

ate trading. MADRID eased as profit-tak-ing followed last week's rises. The general index lost 0.14 to 324.68

mated at FFr2.3bn, down from STOCKHOLM fell in lacklusDoubts over yen's recovery deter investors 10.4m shares. Sekisui House . had been expected prior to the closing of the special trust.

rose Y30 to Y2,490 and Shok-usan Jutaku increased by Y80 VOLUME was very thin in to Y1.490. Toto, a large maker of sanikept a patient watch on cur-rency movements, while share prices rose on interest in spe-cific issnes, writes Michiyo Nakamoto in Tokyo. tary ceramic wares, gained Y80 to Y2,970 in active trading on the strength of its good earnings and its relatively low

price/earnings ratio. Property companies, particularly those active in developing leisure facilities, and railways, which could benefit from the growing tendency to take more time as leisure, were popular.

firmed Y80 to Y1,540.

The Tokyu group of compa-nies was also popular on specu-lation about a possible restructuring following its founder's death earlier this

generally sluggish, hut Nippon Steel topped the volume list with 18.1m shares, gaining Y3 to Y790. Occasional flashes of

Tokyu, the railway company, and Tokyu Land, the related real estate company, both rose in active trading. Tokyu added Y50 to Y1,920 and Tokyu Land firmed Y84 to V1 500 Roundup

markets

Large capital issues were to Y790. Occasional flashes of Earlier, the index had risen-interest in large capital issues by 66 points following Satur-

Interest in specific issues triggered active trading in Osaka. The OSE average rose a strong 173.18 to 35,013.26 and volume improved to 106m shares from the 91m traded on

funds, analysts said.

Thursday. Nintendo, the maker of television video games, advanced Y200 to Y12,000 as dealers gaining 10 cents to HK\$8.20. bought the issue for quick profits before Nintendo's scrip issue, scheduled for October 20.

HEALTHY gains in Hong Kong were eroded hy profit-taking, while changes were mostly small in other Asia Pacific

HONG KONG saw strong gains trimmed as local and foreign investors took profits after the long weekend. The Hang Seng index closed 35.39, or 1.4 per cent, higher at 2,648.21, failing to hold above the 2,650 resistance level.

Bell Resources gained 7 cents to A\$1.20 and Bond Corp picked up 1 cent to 42 cents as talks continued with Lion

Nathan of New Zealand about day's public appearance of Deng Xisoping, the Chinese Bond'a brewing activities. The All Ordinaries index leader, after recent concern about his health. Turnover about his health. Turnover grew to HK\$125hn compared with HK\$765m on Thursday. Property issues performed well, with Cheung Kong up 15 cents at HK\$8.80, Hang Lung Development rising 12.5 cents to HK\$4.90 and Hongkong Land

added 2.1 to 1,735.9 in thin turnover of 71.6m shares worth A\$136m TAIWAN touched a record

high after a volatile day's trad-ing, as hursts of buying alter-nated with profit-taking. The weighted index gained

77.62 to 10,672.08 after easing 47.14 on Saturday. Volume swelled to 969m

Hongkong & Shanghai Bank, rose 5 cents to HK\$6.30 on con-tinued foreign huying, particu-larly from the UK. shares worth T\$134bn from Saturday's 881m shares valued **AUSTRALIA** edged higher at T\$120bn towards the close after a ses-

SINGAPORE suffered from sion lacking in direction, although some individual stocks had a more lively day. profit-taking, with the Straits Times Industrial index down 7.30 at 1,404.51. Turnover Pacific Dunlop rose 6 cents to A\$5.10 after reporting annual profits at the high end declined to 71.5m shares from

Friday's 78m. ICB Bank rose 50 cents to \$\$5.40 after proposing a \$\$75m loan stock issue. NEW ZEALAND slipped in of expectations. Qintex gained. 5 cents to A\$3.60 after its winning bid for control of MGM/ UA, while its unsuccessful rival, News Corporation, was

thin trading, with interest focusing on the discussions between Lion Nathan and Australia's Bond Corp.

Lion Nathan dropped 12 cents to NZ\$4.28. The Barclays index lost 15.66 to 2,329.28.

FRIENDLY FROM A TO Z.

Elsewhere, Nedlloyd was strong, rising Fl 3.40, or 3.7 per cent, to Fl 95.90. The shipping group has been recommended mainly for its sound fundamentals, and it has appeared on several buy lists recently.

Bols, the liqueur company, also performed well, adding F15 to F1168.50 in a delayed reaction to last week's higher-than-expected profits. FRANKFURT firmed in the

after Friday's fall, died at the opening and then picked up again in the second half of the session. Its progress was marked by the 4.05 decline in the FAZ index to 664.21, struck at midsession, and the 9.80 rise in the DAX to 1,605.11 at the

Volume was not inspiring, down from DM4.5bn to DM3.3bn, and dealers had to sustain interest on individual features such as Mannesmann, the engineering group, which put up a remarkable show of relative strength on Thursday and Friday and topped it off yesterday with a rise of DM3 to DM278.50. Mannesmann headed the volume charts,

Friday's FFr3.3bn which was swelled by the active trading in Navigation Mixte. The OMF 50 index eased 0.49 to 528.38 index closed 6.4 lower at swelled by the active trading in Navigation Mixte. The OMF 50 index eased 0.49 to 528.38 while the CAC 40 index added 1,283.0, down 0.5 per cent from 0.54 to 1,892.71. ZURICH, like Frankfurt, is concerned about the level of

share price, however, added FFr11 to FFr1.211.

Overall volume was esti-

Friday. Turnover was SKr239m Worth of shares, down from SKr240m on Friday. Trelleborg, the conglomer-ate, defied the downward trend as its free B-shares rose SKr6 the dollar and key interest rates before the Deutsche Bundesbank meeting this Thursday. More stable interest to SKr236 on news that the company's joint takeover with Noranda of Falconbridge, the rates and a weaker dollar helped the Crédit Suisse index up 3.8 to 665.2 yesterday, extending the recovery which began on Friday after a down-turn that lasted several ses-Canadian nickel miner, had

been finalised. HELSINKI closed lower for the sixth consecutive day in fairly active trade. The Unitas all-share index fell 4.8 to 738.7. It also had its individual fea-tures. In low volume, Alusuisse bearers probably topped the All sub-indices fell with the exception of the insurance sec-tor index, which was helped by activity charts with a rise of SFr5 to SFr1,475 after a peak of SFr1,490 in early trading, illusgains in Pohjola shares. Pohjola free A-shares recov-ered from Friday's losses to rise FM15 to FM265. trating the recovery in Euro-pean metals stocks. Nestlé bearers rose SFr200 to

SOUTH AFRICA

SFr8,700 on its agreement to sell its US bahy foods com-pany. Beech-Nut Nutrition, to A RALLY in the bullion price helped gold shares in Johan-nesburg recover Friday's falls. Ralston Purina. Rumour has it that the sale has been agreed at a low price, but that it dis-poses of a problem and may open the door to a bigger and Trading was cantious and the overall index rose slightly.

the rest of September, which, as dealers keep reminding themselves, brings the end of the term for special trust funds as well as for banks. Securities firms seem to be concentrating on their conferences of branch managers this week. While investors do not

expect a significant upturn, nor do they anticipate a large loss, because there has not been any widespread selling and a number of new invest-ment fund trusts are expected to be launched this week.

to be launched this week. Interest yesterday was wide-spread, although an underlying theme could be seen in the move to buy issues that would benefit from the growing demands for a higher quality of life of life.

Issues in the housing and lei-sure sectors were sought, as these are areas thought to need improvement in order to make life more attractive for the majority of Japanese.

Winners in the housing sec-tor included house-builders, such as Sckisui House, second on the volumes list with 10.9m sbares traded, and Shokusan Jutaku, which followed with

Gateway. As an excellent gateway for international air traffic, Vienna's airport is becoming increasingly important. Its advantages: central location, short transit times, speedy check-in, close proximity to all departure gates and Austrian Airlines' convenient connecting services to Eastern Europe and the Middle East.



AUSTRIAN AIRLINE THE FRIENDLY WAY TO

Jointly compiled by The Financiel Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the institute of Actuaries and the Faculty of Actuaries

FT-ACTUARIES WORLD INDICES

NATIONAL AND REGIONAL MARKETS		FRID	AY SEPTER	IBER 15 19	89	THURSDAY SEPTEMBER 14 1989			DOLLAR INDEX			
Figures in parantheses show number of stocks per grouping	US Doller Index	Day's Change %	Pound Steriing Index	Local Currency index	Day's change % local currency	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency index	1989 High	1969 Low	Year ago (approx
Australia (85)	153.18	-0.6	147.61	132.14	+0.1	4,82	154.1S	146.53	132.04	157.14	128.28	142.1
Justria (19)	146.35	-1.7	141.03	152.23	+0.0	1,61	148.93	141.59	152.29	150.67	92.84	86.8
Seigium (63)	134.03	-1.3	129.16	138.49	+0.3	3.99	135.79	129.10	138.14	137.97	125.58	116.6
Canade (123)	147.09	-0.2	141.75	126.54	+0.1	3,19	147,40	140.13	126.43	153.59	124.67	118.1
Denmark (36)	191.92	-2.8	184.94	202.55	- 1.0	1.57	197.35	187.62	204.66	219.89	165.35	124.6
iniand (26)	128.S1	-2.3	128.65	121.04	- 0.9	2.27	131.36	124.88	122.10	159.16	125.81	116.2
rance (126)	129.23	- 1.3	124.53	136.73	+0.2	2.75	130.93	124.48	136.43	133.44	112.57	94.3
Vest Germany (98)	95.03	- 1.6	91.58	98.81	+0.0	2.06	96.57	91.91	98.85	100.53	79.56	77.8
long Kong (48)	110.11	+0.0	106.10	110.38	+0.0	5.03	110.11	104.68	110.39	140.33	86.41	99.9
reland (17)	149.30	-2.4	143.88	157.88	- 0.6	2.80	152.91	145.37	158.89	166.69	125.00	127.5
taly (97)	93.07	-02	39.68	99.67	+ 1.3	2.28	93.25	88.65	98.42	96.73	74.97	69.8
apan (455)	175.79	- 1.4	169.40	165.23	+0.0	0,48	178.57	169.57	165.23	200.11	164.22	160.2
Aalaysia (36)	199.41	-0.3	192.17	207.90	+0.0	2.47	199.92	190.06	207.97	199.92	143.35	138.5
Aexico (13)	311.88	+ 1.0	300.54	879.75	+1.0	0.57	308.76	293.54	870.97	321.99	153.32	153.1
letherland (43)	125.75	-0.9	121.18	129.43	+0.7	4.03	126.94	120.68	128.53	130.67	110.63	102.7
lew Zealand (20)	83.90	-0.5	80.85	75.96	+0.0	4.62	84.36	60.20	75.93			
low 2021210 (20)	184.33	-0.3	177.63	191.33	+0.9	1.43	184.84	175.72	179.79	66.18	62.64	71.4
	165.27	-0.4	159.27	151.30	+0.1	1.85	165.89	157.70		198.39	139.92	111.6
ingapore (26)				135.29	-0.5	4,18	156.22		151.21	170.62	124.57	121.8
South Africa (60)	154.42	-1.2	148.81					148.52	136.02	157.59	115.35	101.1
pain (43)	157.09	-2.3	151.38	148.52	-0.7	3.46	160.72	152.79	149.58	160.94	143.14	136.8
Sweden (35)	176.30	-0.7	160.89	175.39	+0.6	1.96	177.55	168.80	174.40	188.94	138.45	115.0
witzerland (64)	86.60	- 1.S	83.45	92.66	+0.3	2.04	87.72	63.40	92.37	94.18	87.91	75.0
Inited Kingdom (306)	149.63	1.9	144.19	144,19	- 0.6	4.11	152.59	145.07	145.07	158.41	133.28	123.2
ISA (549)	140.21	+0.5	135.11	140.21	+0.5	3.27	139.56	132.68	139.56	143.84	112.13	110.5
urope (997)	126.42	- 1.8	121.83	126.83	-0.1	3.26	128.45	122.11	126.99	132.62	112.63	101.7
ordic (121)	163.35	-1.5	157.41	159.58	-0.1	1.78	165.84	157.68	159.68	178,38	137.95	109.0
acific Basin (670)	172.54	-1.4	165.27	161.94	+0.0	0.73	174.96	166.33	161,93	194,72	160.44	157.1
uro - Pacific (1667)	154.22	- 1.4	148.61	147.78	+0.0	1.57	156.48	148.77	147.84	166.98	141.56	135.0
orth Amarica (672)	140.52	+0.4	135.41	139.35	+0.4	3.27	139.93	133.03	133.74	144.24	112.79	110.9
urope Ex. UK (691)	111.60	- 1.3	107.54	116.08	+0.2	2.64	113.08	107.50	115.61	116.28	96.30	88.2
acific Ex. Japan (215)	133.28	-0.4	128.43	120.56	+0.1	4.56	133.83	127.23	120.50	137.65		
							156.26	148.56			111.53	119.6
Vorld Ey. US (1863)	154.07	- 1.4	148.47	147,18	+0.0	1.65			147.24	168.35	141.49	134.0
forld Ex. UK (2106)	147.93	-0.7	142.56	144.84	+ 0.2	2.01	148.93	141.59	144.54	155.68	136.98	125.0
Vorid Ex. So. Af. (2352)	148.03	-0.8	142.65	144.82	+0.1	2.18	149.20	141.84	144.63	155.92	136.67	125.0
Vorld Ex. Japan (1957)	135.24	-0.3	130.33	134. 4 8	+0.2	3.33	135.71	129.01	134,19	138.29	114.51	107.9
he World Index (2412)	148.07	-0.8	142.69	144.75	+0.1	2.19	149.24	141.88	144,57	155.89	136.68	124.9